2001-2002 ANNUAL REPORT

ALBERTA ECONOMIC DEVELOPMENT

Alberta
ECONOMIC DEVELOPMENT

Table of Contents

1 | Preface

3 | Minister's Accountability Statement

5 | Message from the Minister

7 | Management's Responsibility for Reporting

9 | Overview

- 11 | The Ministry
- 11 | Vision
- 11 | Mission
- 12 | Operations

15 | Results Analysis

- 17 | Deputy Minister's Message
- 18 | Report of the Auditor General
- 19 | Ministry Expense by Core Business
- 20 | Key Achievements by Business Plan Goal
  - 20 | Alberta has a Vibrant and Versatile Economy
  - 24 | Alberta's Businesses, Communities and Industry Sectors are Globally Competitive
  - 32 | Alberta is a Globally Competitive Tourism Destination
- 37 | Performance Measures and Results
  - 37 | Alberta has a Vibrant and Versatile Economy
  - 38 | Alberta's Businesses, Communities and Industry Sectors are Globally Competitive
  - 43 | Alberta is a Globally Competitive Tourism Destination
- 45 | Supplementary Information
  - 45 | Alberta's Gross Domestic Product
  - 46 | Employment Growth
  - 47 | Investment
  - 48 | Manufacturing Shipments
  - 49 | Exports
- 51 | Management Discussion and Analysis
  - 51 | Summary of Results
  - 52 | Looking Forward: Challenges and Opportunities

55 | Financial Information

73 | Alphabetical List of Government Entities' Financial Statements

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 25, 2002 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the Measuring Up report.

This annual report of the Ministry of Economic Development contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the ministry business plan.

This Ministry annual report also includes other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as part of financial statements, to the extent that the Ministry has anything to report.

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2002, was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at September 3, 2002, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Mark Norris
MINISTER OF ECONOMIC DEVELOPMENT

"The toughest thing about success is that you've got to keep on being a success."

■ IRVING BERLIN

Message from the Minister

When great success is accomplished, a new standard of excellence is created. Maintaining or exceeding this new level of excellence demands even more initiative and much hard work.

Once again last year, Alberta's economy grew – this time by an estimated 4.5 percent, the highest growth rate among the provinces. This growth follows a decade of outstanding economic performance. For the past 10 years, Alberta has had the strongest economy in Canada. In fact, Alberta has surpassed B.C. as the third largest provincial economy, even though Alberta has one million fewer people. Alberta's present challenge is "to keep on being a success."

The challenge will be met by providing strategic leadership for economic development policy and planning, and promoting increased trade, investment, and tourism. Key initiatives include developing a value-added economic development strategy, fostering growth in tourism, facilitating rural economic development and strengthening our international representation.

The value-added strategy will be designed to develop export capabilities of value-added sectors and to increase their competitiveness. This initiative supports the continued growth and diversification of Alberta's economy, an economy that is able to withstand fluctuating commodity markets and prices.

In addition, the department and industry are working to expand the province's tourism sector. Through detailed strategies developed in conjunction with the tourism industry, we are working to enhance Alberta's tourism capacity, capture a greater share of visitors, and increase the province's tourism revenues.

Rural economic development will also be a priority, with an emphasis on working with community stakeholders to implement regional economic development strategies.

Finally, we will continue to help open doors of opportunities for Alberta companies through our international offices, now in seven countries.

Maintaining Alberta's economic strength is critical to its future growth and development. In collaboration with others, Alberta Economic Development is working to ensure that our province continues to be a success in the years ahead.

Mark Norris
MINISTER OF ECONOMIC DEVELOPMENT

Management's Responsibility for Reporting

The Ministry of Economic Development includes the Department of Alberta Economic Development.

The executives of the Ministry have the primary responsibility and accountability to ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Economic Development. Under the direction of the Minister I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions.

The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Economic Development any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

Barry Mehr

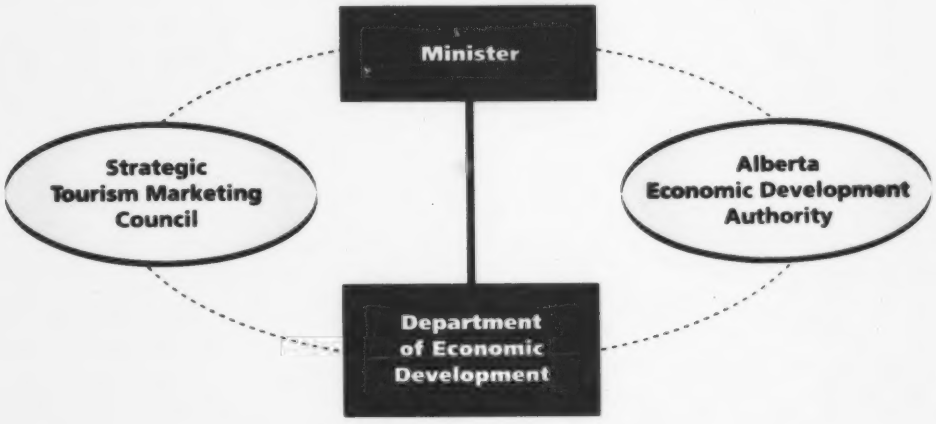
Barry Mehr
DEPUTY MINISTER
MINISTRY OF ECONOMIC DEVELOPMENT

SEPTEMBER 6, 2002

OVERVIEW

The Ministry

The Ministry of Economic Development includes the Department of Economic Development. The Ministry works in partnership with Alberta Economic Development Authority (AEDA) and the Strategic Tourism Marketing Council (STMC).



Alberta Economic Development Authority (AEDA)

- AEDA is a private sector, volunteer advisory body that works in partnership with the government to help shape policies and strategies for the economy by providing advice on business and economic development issues.
- Visit www.alberta-canada.com/dept/aeda.cfm for more information about the Authority, including the annual Activity Report.

Strategic Tourism Marketing Council

- An advisory body with both government and private sector representation.
- Provides guidance to the Travel Alberta secretariat regarding tourism marketing.
- Approves the Strategic Tourism Marketing Plan.

Vision

Alberta is the best place in the world to live and do business.

Mission

To promote Alberta's continuing prosperity

Operations

The ministry's core businesses include:

- strategic leadership for economic development policy and planning,
- market development and investment attraction, and
- tourism marketing and development.

These core businesses are accomplished through department staff in offices in Edmonton and Calgary, and in regional economic development offices in Grande Prairie, Peace River, St. Paul, Edson, Camrose, Red Deer, Lethbridge and Medicine Hat.

International offices are operated in China (Beijing, Harbin and Hong Kong), Japan (Tokyo), South Korea (Seoul), United States (Portland), and Taiwan (Taipei). In addition, approval was granted in 2001-02 to open offices in Mexico City, Mexico and Munich, Germany.

The functions of the department include:

- economic development policy and planning,
- economic and business information and intelligence,
- trade development,
- investment attraction,
- industry development,
- regional development,
- tourism development, and
- tourism marketing.

All areas have become increasingly strategic and collaborative in their approach. Staff work with other levels of government, other government departments, industry associations, and private businesses to achieve common objectives and to share costs.

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Tourism marketing initiatives are carried out through the Travel Alberta Secretariat. The Secretariat contracts with agencies for both in-province and international/national tourism marketing. Marketing projects are carried out in partnership with the private sector and tourism marketing support is provided to six Tourism Destination Regions throughout the province.

In support of tourism marketing, the department provides tourism services through:

- a centralized contact centre, which was contracted out to a private sector operator in 2001-02,
- 10 visitor information centres, and
- the TravelAlberta.com Web site.

Alberta Economic Development also works with operators, investors, developers, and other stakeholders to develop, enhance, and expand Alberta's tourism product base.

These operations are supported by the finance and administration, human resources, information management, information technology, strategic planning and communications divisions, and through an operating agreement with the Alberta Corporate Service Centre.

Alberta Economic Development on the Web

The department makes effective use of information technology to disseminate information and intelligence. The extensive use of the Internet in 2001-02 was evident on a number of fronts.

- The department's Web site, www.alberta-canada.com – which hosts a comprehensive range of economic, business, and promotional information – experienced increasing traffic volumes.
- The tourism Web site (www.travelalberta.com) also saw a dramatic increase in number of visitors.
- The Tourism Information System, a tourism information database designed to provide comprehensive information on Alberta tourism products, was expanded and integrated into the Travel Alberta Web site.
- The www.AlbertaFirst.com Web site, which provides a broad range of data by detailed geography for economic development, was redeveloped and the content was enhanced.
- A Web site was developed for the Future Summit, www.futuresummit.com, which featured an on-line survey to gather views of Albertans.
- A Web-based Mexico Business Intelligence System was successfully piloted in 2001-02, providing information on business opportunities in Mexico for the oil and gas sector.

RESULTS ANALYSIS

"An intelligent plan is the first step to success. The man who plans knows where he is going, what progress he is making and has a pretty good idea when he will arrive. Planning is the open road to your destination."

■ BASIL WALSH

Deputy Minister's Message

This report documents progress in the past year toward achieving our goals and objectives. However, we did not focus exclusively on short-term objectives. Strategic planning became an integral part of our activities. Carefully considered, strategic planning is critical to managing key issues, achieving goals and, ultimately, achieving success.

We began by revising the department's strategic direction. This new direction does not represent a dramatic shift, but rather a more keenly focused approach to our work. It clearly describes the department's purpose, which is to facilitate business and community prosperity through strategic economic leadership, strategic intelligence, and promoting Alberta for tourism, trade and investment.

This strategic direction is now being applied to all aspects of the ministry's work. To reflect this approach, we have already refined the Ministry's mission, core businesses, goals, and business plan.

We have also taken steps to address components of our strategic direction, increasing our focus upon strategic intelligence. Our ability to interpret and analyze information quickly for our clients has become increasingly critical.

It is another way in which we can help Alberta businesses enhance their chances for success in today's highly competitive global marketplace. Each day, we receive vast amounts of information. Our task is to harness this avalanche of information into knowledge and deliver it in the right timeframe to our clients.

In addition, we will work collaboratively with other government departments to move forward with the Economic Development Strategy cross-ministry initiative and to strengthen economic opportunities for Aboriginals.

Through these and other initiatives, we will continue to improve our effectiveness and provide the best possible service to our clients.

Barry Mehr

Barry Mehr
DEPUTY MINISTER
MINISTRY OF ECONOMIC DEVELOPMENT

AUDITOR GENERAL
Alberta

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Economic Development's performance measures included in the *2001-2002 Annual Report of the Ministry of Economic Development* as presented on pages 37 to 49.

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.

2. The calculations which converted source information into reported measures were tested.

3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit, and therefore I express no opinion on the performance measures included in the *2001-2002 Annual Report of the Ministry of Economic Development*.

Fred J. Dunn, CA
AUDITOR GENERAL

Edmonton, Alberta
August 2, 2002

Ministry Expense by Core Business

	2001-02 BUDGET ($000)	2001-02 ACTUAL ($000)	2000-01 ACTUAL ($000)
Core Business			
1. Strategic leadership for economic development policy and planning	2,200	1,893	1,944
2. Market development and investment attraction	25,077	24,508	25,021
3. Tourism marketing and development	19,145	19,376	18,700
Support services	5,033	5,080	4,590
Valuation adjustments and other provisions	0	53	372
Total Ministry Expense	**51,455**	**50,910**	**50,627**

GOAL ONE

Alberta has a Vibrant and Versatile Economy

Key Achievements by Business Plan Goal

THE FIRST GOAL in Alberta Economic Development's 2001-04 Business Plan is to ***ensure that Alberta has a vibrant and versatile economy***. In pursuing this goal, the department supports businesses to make the right decisions at the right time. The objective, as stated in the 2001-04 business plan, is to:

- ensure the most important challenges and opportunities facing the Alberta economy are addressed.

In collaboration with the Alberta Economic Development Authority, this objective is accomplished through:

- collaborative strategic planning and policy development, and
- providing valuable economic and business information and intelligence.

Key achievements related to strategic planning and policy development are as follows:

Economic Development Strategy

- Developed to help maintain the momentum of the Alberta Advantage through ministries working together with business, industry, communities, other government and public institutions, employees, and other stakeholders.
- There are four objectives: (1) to implement *Get Ready Alberta*, (2) to support a broadly based, versatile economy, (3) to develop a collaborative approach to regional economic development, and (4) to ensure a sufficient supply of skilled labour.
- For more information, see the Government of Alberta Business Plan.

■ ***The Economic Development Strategy – Cross Ministry Initiative*** | The department expanded the Economic Development Strategy in three key areas beyond the cornerstone of the strategy, *Get Ready Alberta*:

1. *The value-added objective*. Alberta Economic Development worked with other departments to develop key strategies to accelerate the growth of a more diversified and competitive value-added goods and services industry. This objective paved the way for the development of a value-added strategy for the province, which is currently underway.
2. *The regional development objective*. This objective is intended to strengthen the collaborative approach to regional economic development. A concept plan was developed that will increase participation in regional economic development by a greater number of stakeholders, including several provincial government departments.
3. *The skilled labour objective*. This objective, led by Alberta Human Resources and Employment, was developed to ensure a continuing supply of skilled labour to meet the needs of Alberta's economic growth.

- ***The Alberta International Marketing Strategy (AIMS)*** | AIMS is designed to encourage Albertans to work together to promote prosperity for the province through continued development of a strong market-driven economy. The department further refined AIMS, in conjunction with four provincial departments, to emphasize a sectoral approach to trade and investment strategies.

- ***Future Summit 2002*** | With overall direction from Alberta Revenue as the lead ministry, Alberta Economic Development played a co-ordinating role in the Future Summit, which included collecting and analysing numerous suggestions and ideas concerning Alberta's future.

  - Overall, more than 4,000 Albertans were involved. The input formed the basis for discussion at the summit, held February 4-5, 2002 in Red Deer.
  - The summit recommended strategic directions to guide the government and all Albertans in making decisions for the province's future.

- ***Alberta Aviation Strategy*** | With the assistance of Alberta Economic Development, the Aviation Strategy Action Group (ASAG) – an industry-led partnership with industry and government – developed a Web site to disseminate market intelligence.

Alberta Economic Development continued to publish relevant and timely information and intelligence to support business decision-making, including the following:

- ***Economic and business publications*** | These publications cover economic trends, international trade, major construction projects, and the tourism market (see the side bar for a complete list).

- ***Reports on the cost competitiveness of Alberta cities*** | The most recent report, coordinated by KPMG Consulting and entitled *Competitive Alternatives*, was

Business Information Publications

- Alberta Business Outlook
- Global Economic Outlook
- Highlights of the Alberta Economy
- Monthly Economic Review
- International Trade Review
- Alberta's International Exports
- Inventory of Major Alberta Projects
- Inventory of Alberta Regional Projects
- Alberta Quick Facts
- Facts on Alberta
- Alberta Tourism Pulse
- Tourism Quick Facts

released in January 2002. It provided a ranking of operating costs for 115 cities in 12 countries (including Edmonton, Calgary, Lethbridge, Medicine Hat, and Red Deer). It is a highly effective investment attraction tool, demonstrating the cost advantage of expanding or locating a business in Alberta.[1]

- ***A Comparison of Personal Taxes and Costs of Living in Alberta, Canada and the United States*** | Prepared by MMK Consulting Inc. and Runzheimer Canada, this report examines Alberta's competitiveness in terms of the total cost of living for employees at five different salary levels compared with other locations. The results of this study demonstrate to prospective investors, employers, and skilled workers that Alberta is an affordable place to live, work and do business.

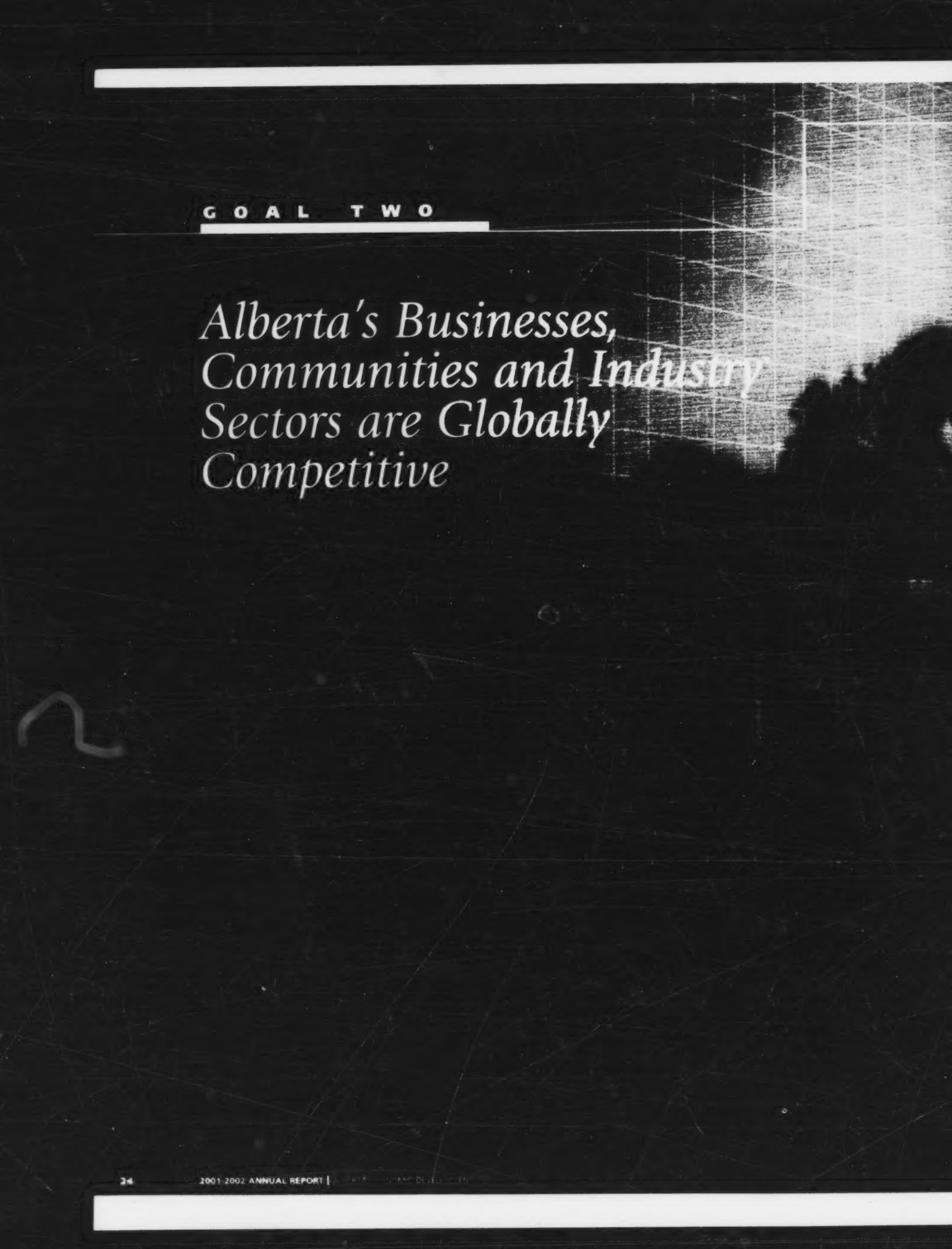
- ***The 2001 Alberta Place-to-Place Price Comparison Survey*** | This survey provided price comparisons for Alberta communities to determine cost of living adjustments in different areas of Alberta. This data was helpful to companies needing to adjust compensation in higher cost of living areas. The private sector participated in sponsoring the survey.

- ***The Integrated Investment Information System*** | A business case was developed for a new system that will provide a consistent and automated way to aggregate key socio-economic data from disparate sources. It was piloted in 2001-02 and approved for the first phase of implementation in 2002-03.

[1] Edmonton ranked number one as the most competitive city of 86 large and medium sized cities in the world in which to do business. Calgary also ranked highly, above such Canadian cities as Montreal, Ottawa, Toronto and Vancouver in a comparison among smaller Canadian centres, Medicine Hat, Red Deer and Lethbridge ranked second, fourth and sixth, respectively.

GOAL TWO

Alberta's Businesses, Communities and Industry Sectors are Globally Competitive



THE SECOND GOAL in Alberta Economic Development's 2001-04 Business Plan is to ensure that ***Alberta's businesses, communities, and industry sectors are globally competitive***. To accomplish this goal, the department focused on the following four objectives:

- Increase exports of Alberta's manufactured/value-added goods and services.
- Increase the number of investment leads generated and serviced within target markets.
- Increase participation of Alberta communities in regional economic development.
- Increase the competitiveness of Alberta's value-added sectors.

The key achievements related to these objectives are reported below.

Increasing Exports and Investment

Several activities undertaken in 2001-02 were geared toward the first two objectives – to increase value-added exports and to increase investment leads.

These activities involved providing market intelligence, creating partnership networks and alliances, showcasing Alberta at international trade shows, organizing trade missions, and providing information on opportunities available through International Financial Institutions.

Key achievements are given below:

- ***Team Canada Trade Missions*** | The department participated in federal-provincial Team Canada missions to Dallas and Los Angeles in November 2001, as well as Moscow, Berlin, and Munich in February 2002. These missions:
  - promoted the Alberta Advantage to senior executives of major firms,
  - expanded trade and investment linkages in key markets,
  - promoted Alberta's oil sands reserves and energy infrastructure in Dallas,
  - emphasized our strong information technology, agricultural products, and nanotechnology sectors throughout the mission;
  - highlighted oil and gas technology and services, as well as housing and education in Moscow; and
  - emphasized trade opportunities and investment attraction in Berlin and Munich.

  Alberta companies on the European mission signed agreements worth over $60 million.

- ***Bio 2001*** | The Alberta presence at Bio 2001 was a team effort that consisted of government, industry, and university partners. The event:
  - profiled organizations,
  - showcased the Alberta Advantage,

- highlighted latest trends in the biotechnology industry, and
- generated leads by identifying new, valuable contacts.

This trade show addressed information on all aspects of the biotechnology and pharmaceutical industries through more than 120 workshops with over 600 speakers. There were over 13,000 attendees from more than 40 countries.

■ ***Offshore Technology Conference*** | This conference facilitated business contacts for 51 Alberta companies and generated over $16 million worth of business. This year, the trade show and conference drew over 47,000 attendees and 2,185 exhibitors from 80 countries.

- Based on the results of a survey conducted after the conference, companies estimated on-site sales of $2.75 million and expected to bid on contracts worth about $14 million through leads established at the conference.
- Ninety-three percent of Alberta-based companies were satisfied with the quality of business contacts. All of the respondents indicated satisfaction with Alberta Economic Development's assistance with meeting their goals and objectives.

■ ***Trade mission to Japan and Hong Kong*** | Premier Klein met with key investors and trade partners in Japan and Hong Kong to strengthen Alberta's business connections in these priority markets.

■ ***Globe 2002*** | The department co-ordinated Globe 2002 as a key trade, export and industry development initiative to highlight Alberta's environmental capabilities to global markets.

- Based on survey results, approximately 94 percent of respondents expressed satisfaction with the quality of business clients established or strengthened during the trade show.
- All participants found events sponsored by Alberta Economic Development to be useful.

■ ***Advantage 2001*** | Advantage 2001 took place during the World Championships in Athletics in Edmonton.

- Sixty-three business leaders from a number of countries were exposed to Alberta investment, trade, and business opportunities.
- Based on this initiative, several clients have already made, or have prepared,

follow-up visits to strengthen emerging business relationships.

- The business generated from this event is expected to be in the neighbourhood of $200 million over the next three years.

■ ***International Offices*** | The department's international representation proved to be an effective way to support international trade and to attract investment. A survey conducted in 2001-02 reported that 87.4% of respondents were satisfied with the services provided.

■ ***Provincial Nominee Program (PNP)*** | An agreement was signed with Citizenship and Immigration Canada (CIC) to launch the Alberta Provincial Nominee Program.

- The 2-year pilot program will address critical skilled worker shortages in Alberta by reducing processing time for qualified applicants.
- Provincial nominees will be selected for purposes determined to be of significant industrial and economic benefit to Alberta.

■ ***Alberta Advantage Brand*** | In support of initiatives to increase exports and investment, a new visual identity for the Alberta Advantage was launched in 2001-02. The Alberta Advantage brand will be used in marketing materials to raise Alberta's business profile in priority markets abroad.

Increasing Participation in Regional Economic Development

To accomplish the third objective – to increase participation of Alberta communities in regional economic development – the department helped to develop regional economic development strategies among Alberta communities and regional stakeholders.

Key achievements include the following:

■ ***Regional economic development cooperation*** | The department supported the operations of five regional alliances and assisted in the initiation of two new alliances in the Battle River and Barrhead/Westlock areas.

■ ***The Community Economic Development Accreditation Process*** | This initiative was developed in partnership with the Economic Developers Association of Alberta. It

Regional Economic Development Alliances

- Regional alliances encourage regional collaboration to achieve common economic development goals and build stronger regional economies.
- They bring together neighbouring municipalities, rural governments, and other stakeholders.
- Currently, the department helps to support nine regional alliances involving 173 communities.

includes an accreditation of community economic development organizations as well as training for economic development stakeholders. Five video vignettes of leading practices in economic development were produced to increase awareness.

- ***AlbertaFirst.com*** | AlbertaFirst.com is a Web site supported by the department that includes:
  - community profile information,
  - business directories, and
  - commercial real estate investment opportunities.

  In 2001-02 the Web site was redeveloped with enhanced visuals and navigation. Data from the Commercial Listing Service was expanded: 35,500 business records were updated and 4,500 new records were added.

- ***Business Information Centres*** | Business information was also made available, both on-site and electronically, at The Business Link in Edmonton and the Calgary Business Information Centre.
  - Services added include an e-futures centre, which provides information on e-commerce and technology for new and developing businesses.
  - A key business area was expanded through a joint venture with Western Economic Diversification to provide specialized information for aboriginal entrepreneurs.

Increasing Competitiveness

Alberta Economic Development partnered with the private sector and other stakeholders to accomplish the fourth objective – to increase the

Community Economic Development Accreditation Process
- Developed to evaluate and recognize the best practices and contributions of economic development.
- A training component that was piloted in over 20 communities was well received.
- Funded jointly by the federal and provincial governments.
- For more information, see the Web site www.edaalberta.com.

The Business Link
- Serves the information needs of Alberta's small business community by providing business people with access to accurate, timely, and relevant information and referrals.
- Over 359,000 Web site visits were recorded for the fiscal year.
- In 2001-02 The Business Link became a not-for-profit corporate entity, a change from previous years, when it operated as a tri-government joint initiative.
- See www.cbsc.org/alberta or call 1-800-272-9675

Calgary Business Information Centre
- Provides information services for Calgary.
- Over 27,000 Web site visits were recorded for the fiscal year.
- See www.calgary-smallbusiness.com or call 403-221-7800

competitiveness of Alberta's value added sectors.

Activities included organizing a buyer/seller forum, showcasing Alberta's manufacturing capabilities, increasing awareness of best practices, sponsoring training in value stream mapping, and providing training on accessing international markets.

Key achievements are outlined below:

- ***Buyer/Seller Forum 2002*** | The department hosted the second annual buyer/seller forum in Calgary, as an opportunity for major value-added sectors to provide information for procurement needs. Over 200 business representatives attended this forum to increase their understanding of the issues facing Alberta buyers and sellers of equipment and services for industrial projects, plant operations, and maintenance.

- ***National Manufacturing Week 2002*** | The department participated in this trade show and conference held in Chicago, showcasing Alberta's manufacturing capabilities, promoting investment and business immigration, and acquiring industrial intelligence.

  The intelligence gained included market opportunities as well as the latest in technology and business best practices.

- ***Best Practices in Lean Excellence*** | In partnership with the Canadian Manufacturers and Exporters, the department sponsored this two-day forum in Calgary to create awareness of lean manufacturing principles for Alberta companies. Over 200 people representing approximately 60 companies were introduced to business techniques and processes they could utilize to improve their productivity and competitiveness.

- ***Value Stream Mapping Training*** | In partnership with the Canadian Manufacturers and Exporters, the National Research Council, and the Lean Enterprise Institute, the department sponsored the training of 130 people from 26 Alberta companies in value stream mapping.

- ***New Exporter Training*** | A total of 15 export workshops were held throughout the province to provide over 500 business representatives with information and training on accessing international markets. These sessions included such topics as customs and business entry regulations, Internet sales, and exporting guidelines. Workshops on the U.S. market held after September 11 were effective in demonstrating continued confidence in export activity.

Value Stream Mapping

- A method that identifies both value-added and non value-added activities within a business.
- Allows a company to develop an integrated improvement plan to reduce waste and enhance operational performance.

■ ***Competitive Intelligence Training*** | Four two-day competitive intelligence training sessions were delivered, through joint funding with the federal government, in Edmonton, Red Deer, Calgary, and Medicine Hat.

- Eighty-five individuals representing 35 companies and organizations attended the training.
- All participants were able to find immediate value when applying competitive intelligence to their industries and markets.

■ ***Alberta Film*** | In partnership with Alberta's film and television industry and Alberta Community Development, the department undertook a review of the industry to identify how industry and government can better work together to strengthen the capabilities of the industry and attract productions to the province.

Key Achievements by Sector

Many of the initiatives undertaken by the department were specific to strategic value-added sectors. Key achievements are outlined below by sector.

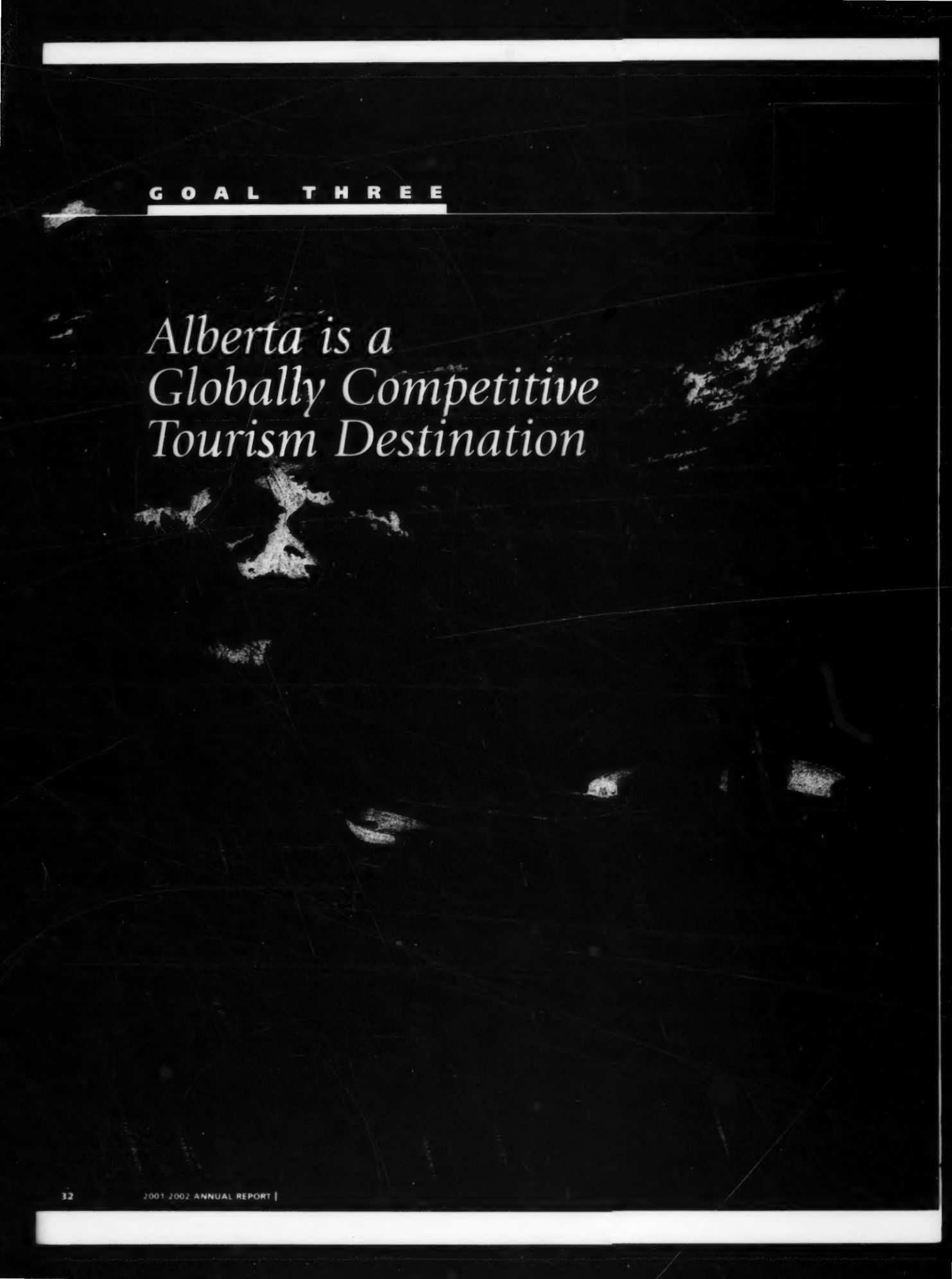
Aerospace

- Partnered with Industry Canada to produce a business development opportunity study on Boeing.
- Facilitated Alberta aerospace industry involvement in the Aerospace Northwest Conference.
- Completed study of opportunity for development of technology-intensive industries in the Cold Lake region.
- Involved in efforts for leading the development of remote vehicle technology in Alberta.

Agriculture and Foods

- Partnered with Canada Beef Export Federation to enhance Alberta's beef industry profile, establishing Alberta as a high quality beef retailer.
- Investigated opportunities in process meat for Alberta companies.
- Supported market penetration of value-added products to various countries; conducted regional studies specifically for value-added opportunities in China.
- Initiated study to discover opportunities for Alberta food companies in Europe, Middle East, and North Africa.
- Held several export seminars in Alberta and the U.S. to help agri-food companies penetrate international markets.

Architecture, Engineering, and Construction (AEC)	• Partnered with the Consulting Engineers of Alberta to produce a CD-Rom that showcased the capabilities of the sector in international and domestic markets. • Assisted Alberta firms to access over $4 million worth of	funding from international financial institutions on projects. • Sponsored the development of a field re-work computer tool, with the Alberta Construction Owners Association of Alberta, to improve construction productivity.
Building and Wood Products	• Initiated and facilitated an alliance between a wood products manufacturer and a furniture manufacturer for the development of an oriented-strand board furniture panel.	• Partnered with Alberta Sustainable Resource Development to produce a KPMG Consulting study: "Wood Products Value-Added Stream Mapping". This study identified $1billion worth of opportunities and 8,000 jobs in the wood industry.
Environmental products and services	• Showcased Alberta's environmental industry and capabilities at GO Expo and Globe 2002.	• Supported ESAA professional development course entitled Natural Attenuation for Remediation of Contaminated Sites.
Industrial machinery and equipment	• Compiled an extensive database on the capabilities of Alberta companies in the industry. • Participated in the Pacific Rim Construction, Oil and Mining Expo in Anchorage.	• Participated on national trade teams for oil and gas and for electrical equipment and services. • Initiated a data mining software system.
Information and Communication Technology (ICT)	• Organized the Alberta expatriate program, which focused on attracting the return of Alberta ICT professionals living and working in the U.S. in order to enhance the skilled labour force and investment activity in the province. • Partnered with Canadian Consulate and Province of	Ontario to promote a program that attracts skilled workers from the Silicon Valley to the ICT industry in Alberta. • Participated in the Taiwan Virtual Venture Capital Conference, a one-day program to promote Alberta ICT companies to Taiwan venture capital companies.
Petrochemicals, Chemicals and Value-added Derivatives	• Liaised with northern gas-producing companies, their affiliates, and interested pipeline and midstream companies to gather intelligence and exchange views.	• Completed feasibility studies: "Polyurethane Chemicals in Alberta" in December 2001 and "Plastics Market Opportunity Study" in March 2002.



GOAL THREE

Alberta is a Globally Competitive Tourism Destination

THE THIRD GOAL in Alberta Economic Development's 2001-04 Business Plan is to ***ensure Alberta is a globally competitive tourism destination***. The objectives are to:

- increase Alberta's share of visitors and revenue from Alberta and targeted Canadian and international markets, and
- facilitate the growth and expansion of marketable tourism product.

Key achievements for these two objectives are outlined below:

Increasing Tourism Revenue

To increase Alberta's share of visitors and tourism revenue, the department undertook advertising campaigns targeted toward visitors within the province, as well as national and international tourists. Last year, Travel Alberta initiated 362 international and 37 in-province marketing projects that effectively leveraged private sector marketing dollars. Examples of these projects include:

- ***The In-Province Summer Campaign*** | The campaign resulted in a 20 percent greater interest in travelling within Alberta compared to 1997.

- ***A post-September 11 domestic tourism marketing campaign*** | This campaign was launched in Ontario, Manitoba, Saskatchewan, B.C. and Alberta within two months of the events of September 11. Direct mail, newspaper inserts, radio, and special promotions featuring Ken Read highlighted the campaign, which focused on special visitor opportunities in our mountain parks, Calgary, and Edmonton. It involved nine other partners including the Canadian Tourism Commission, Tourism Alliance, and Sport Mart.

- ***Marketing of World Championships in Athletics*** | Select stock footage, videotapes, and vignettes were distributed to international media (in partnership with the CBC), resulting in an uptake of 26 European Countries, South America, and the U.S.

In support of Travel Alberta's marketing initiatives, the department provided tourism services to ensure that visitors have accurate and up-to-date information about the tourism products and services available in Alberta.

Travel Alberta

- Travel Alberta (short for the Travel Alberta Secretariat) oversees marketing activities of its in-province, national, and international contractors.
- It supports the industry through strong communication networks, such as industry workshops; Directions, the Travel Alberta Marketing Newsletter; and the Tourismtogether.com industry intranet.
- Travel Alberta's activities are guided by the Strategic Tourism Marketing Plan, a three-year plan, developed under the direction of the industry-led Strategic Tourism Marketing Council, which outlines goals and objectives for tourism marketing and reports on progress.
- Visit http://www.travelalberta.com for more information.

The following are highlights of achievements in 2001-2002:

- The ***Travel Alberta Contact Centre*** received over 149,000 contacts during 2001-02 and distributed over 95,000 fulfillment packages (including brochures, guides, and vacation planners). Although the volume of calls decreased in 2001-02, the total number of contacts increased due to increases in other forms of contact such as e-mails, Web site requests, facsimiles, and mail requests.

- A new ***Travel Alberta Visitor Information Centre*** was opened in Grande Prairie, in partnership with the Grande Prairie Regional Tourism Association. The 10 Travel Alberta Visitor Information Centres served over 212,000 visitors in 2001-02. Visitor surveys conducted during the summer of 2001 indicated a 94 percent satisfaction rate with the services provided.

Visitor Information Centres (VICs)

- The provincial VICs are located at the major highway entry points into the province. Travellers can obtain tourism information for all regions of Alberta.
- The Alberta Visitor Information Program supports community and regional VICs, creating a network of tourism information services across the province.

- The ***TravelAlberta.com*** Web site was redesigned to enhance visual and navigation capabilities. In 2001, traffic on the Web site increased by 85 percent to over 205,000 unique visitors, and about 29,500 Alberta Vacation Guides were downloaded.

- The ***Tourism Information System***, a Web-based tourism information database, was expanded and incorporated into the TravelAlberta.com Web site. The database provides a comprehensive and up-to-date source of information on Alberta's tourism products. Over 700 tourism operators were given on-line updating capabilities in 2001-02 and over 50 community and regional Visitor Information Centres were provided access and training.

Tourism marketing initatives were also supported by research into visitor origin, satisfaction, patterns of travel, and use of information sources. Major research projects are described in the side bar on the following page.

Major tourism research projects in 2001-02, include the following:

- **A study of U.S. and Ontario visitors during summer/fall 2000.** This study was designed to collect feedback from approximately 800 visitors to Alberta from the United States and Ontario. It reports satisfaction with the Alberta vacation experience, information sources used in planning the vacation, and feedback on specific locations in Alberta.
- **The Performance of Canada's Accommodation Industry Post September 11, 2001.** This report is an analysis of the cost in lost room nights and room revenue as a result of the events of September 11, measuring the impacts at national, provincial, and metropolitan area levels, for a total of 54 markets. Markets within Alberta include Calgary, Edmonton, and Alberta resorts.
- **Patterns of Visitor Use 2000.** This study was conducted to measure visitor travel into Banff, Kootenay, and Yoho National Parks. It provides insight into visitor origins, the patterns of travel, and the levels of satisfaction with the National Parks.
- **Internet Tourism and Travel 2001 Study.** A syndicated study sponsored by a number of travel organizations, including Travel Alberta, the Canadian Tourism Commission, and Air Canada, examined the role of the Internet in the vacation travel of North Americans and how customers actually use the Web to research and book travel.

Facilitating Tourism Industry Development

Key achievements related to the second objective – to facilitate the growth and expansion of marketable tourism product – included the following:

- ***Strategies for positioning regional tourism destinations*** were initiated in partnership with local and regional municipalities and tourism stakeholders in the Hinton/Grande Cache and Canadian Badlands regions. These strategies addressed issues related to marketing infrastructure, regulation, land, product enhancement, and community support.

- ***Strategies were developed to enhance the tourism role*** of parks and protected areas in the North Eastern Slopes of the Rocky Mountains, within the management intent of each site.

- ***An interdepartmental government response to the Alberta Economic Development Authority (AEDA) Tourism Report*** was co-ordinated, providing recommendations to government on the development of the supply side of Alberta's tourism industry.

- ***Comprehensive advocacy positions were developed***, in co-operation with Alberta Transportation, and other provinces and territories, on air service and air industry policy affecting Canada and Alberta's tourism industry, for presentation by the Provincial/Territorial Ministers responsible for Tourism to Air Canada and the federal government. Such lobbying helped to restore services previously dropped by Air Canada and gradually increase airline services to and from Alberta.

Tourism Development

- Alberta Economic Development works with tourism operators, investors, developers, and other stakeholders to facilitate the growth and expansion of marketable tourism products throughout the province.
- Activities are undertaken to address supportive policy and regulatory environment, development of new products and destinations, and position the tourism industry as a legitimate user of Alberta's crown land base. These activities support the long term viability of the tourism industry.

- ***Alberta's aboriginal community*** was engaged in identifying and enhancing aboriginal tourism business opportunities throughout Alberta.
- ***An ag-tourism strategy was initiated,*** in partnership with Alberta Agriculture Food and Rural Development, to broaden the scope of tourism products available to visitors and diversify agriculture-based business opportunities.

The events of September 11 have changed the nature of the tourism business. Issues that required the department's attention ranged from travelling safety to greater insurance requirements. Even so, the department continues to successfully develop and promote the tourism industry and provide critical information services for both tourists and tourism operators.

Performance Measures and Results

This section of the Annual Report reports on the performance measures in Alberta Economic Development's 2001-04 Business Plan, providing both an historical trend and a comparison to the targets established from the outset. These performance measures include both broader economic indicators and more direct measures of the department's activities. In some cases, data is only available for the calendar year (2001). Fiscal year (2001-02) information is provided where possible.

Alberta Has a Vibrant and Versatile Economy

Gross Domestic Product (GDP) (constant 1997 dollars)[1]

	Actual 1999	Actual 2000	Estimate 2001	Target[2] 2001
Real GDP ($billion)	112.8	118.9	124.2	-
Percent growth	1.6	5.4	4.5	4.5

Source: Alberta Economic Accounts

Notes: (1) Actual figures for 1999 and 2000 are based on the most current data as of June 2002
(2) Percent change figures are calculated from unrounded data

- Alberta Gross Domestic Product continued to expand in 2001 and met the growth target of 4.5 percent. The strong growth in GDP was primarily due to growth in capital investment and consumer spending.

Average Annual Employment

	Actual 1999	Actual 2000	Actual 2001	Target 2001
Employment ('000)	1,553	1,588	1,632	1,638
Net new jobs ('000)	38	35	44	45
Percent growth	2.5	2.2	2.8	2.8

Source: Statistics Canada, Labour Force Survey, CANSIM II table 282-0002

Note: Percent change figures are calculated from unrounded data

- Employment in Alberta continued to grow at a steady pace in 2001. Although the employment level was slightly below target, the growth rate of 2.8 percent matched the targeted rate.
- Employment growth was the strongest in the oil and gas sector, as well as professional, scientific, and technical services.

[1] Gross Domestic Product (GDP) data is obtained from Alberta Economic Accounts, which provide estimates based on data from various sources such as Statistics Canada. These estimates are revised as more recent and better data becomes available. 2001 is a forecast by Alberta Finance.

[2] The GDP target for 2001 was $115.1 billion in Alberta Economic Development's 2001-04 business plan. However, this figure was in 1992 prices (1992 constant dollars), which cannot be compared to GDP in 1997 dollars. GDP in 1992 constant dollars is not available for 2001.

Client Satisfaction with Overall Department Services

	Actual 1999-00	Actual 2000-01	Actual 2001-02	Target 2001-02
Client satisfaction with overall services	90%	-	-	95%

- The department-wide survey of client satisfaction was dropped as a performance measure in 2001-02 in favour of satisfaction surveys for specific services provided by the department, such as the international offices' client satisfaction survey. The survey on satisfaction with overall department services did not provide enough information about specific activities to assess performance and make improvements where necessary.

Utilization of Department's Web site and Satisfaction with Publications[1]

	Actual 1999-00	Actual 2000-01	Actual 2001-02	Target 2001-02
Total number of user sessions on AED Web site[2]	83,794	103,946	270,883	85,000
Percent of users satisfied with AED publications	-	96	-	90

- The number of user sessions has increased dramatically and exceeded the target by a large margin. This increase reflects the overall increase in the use of the Internet as a source of information. Furthermore, the department's Web site continues to be marketed to the public as a source of business and market intelligence, and has been increasingly represented on search engines.
- Satisfaction with publications (both print and on-line) will be conducted biennially (the next survey to occur in 2002-03).

Alberta's Businesses, Communities and Industry Sectors are Globally Competitive

Manufacturing and Service Industry Investment

	Actual 1999	Actual 2000	Estimate 2001	Target 2001
Investment ($billion)	11.8	11.5	10.8	10.6

Note: Actual figures for 1999 and 2000 are based on the most current data as of June 2002.

- This measure includes the value of new capital expenditures on construction, machinery and equipment in Alberta's manufacturing and service industries. The decline in investment growth was anticipated with the winding down of

[1] In the 2001-04 Business Plan for Alberta Economic Development the percent of users satisfied with the Web site was also included as a metric under this performance measure. However, the department decided to measure satisfaction with the department's Web site concurrently with a re-design rather than on an annual basis.

[2] User sessions are the estimated number of times a visitor came to the site. The estimate does not account for cached pages, multiple users originating from one server, and servers that allocate a new 'hostname' for every request. The estimates are reported by Web Trends based on an analysis of the server log files. User sessions for 1999-00 do not correct for problems with the log files, which resulted in under-reporting of activity for three months of the fiscal year. User sessions for 2000-01 do not correct for problems with the log files, resulting in overall under reporting of activity for the fiscal year.

several multi-billion dollar capital investment projects. However, the forecast investment in 2001 is above the target of $10.6 billion.

- Investment by the chemical and transportation (mainly pipeline transportation) industries was down sharply as major projects came to a close, but a number of other industries recorded strong growth, including information and cultural industries, utilities, and finance and insurance.

Manufacturing and Service Exports

	Actual 1999	Actual 2000	Estimate 2001	Target 2001
Exports ($billion)	17.9	23.4	22.1	22.4
Percent growth	9.3	30.8	(5.5)	10.0

Source: Alberta Economic Development

Note: Actual figures for 1999 and 2000 are based on the most current data as of July 2002

- This measure includes the value of Alberta's international (outside Canada) exports of manufactured goods and services.[6] The value of exports was below target and declined compared to the previous year, falling short of the 10 percent growth target.
- The slump in the information and technology sector, the global manufacturing recession, and the events of September 11 all contributed to the drop in exports. These factors were partially offset by export growth for feed, food and beverages, machinery, and transportation equipment.

Manufacturing Shipments

	Actual 1999	Actual 2000	Estimate 2001	Target 2001
Shipments ($billion)	36.0	42.6	42.4	44.0
Percent growth	7.9	18.2	(0.4)	7.0

Source: Statistics Canada Cat. No. 31001

Note: Percent change figures are calculated from unrounded data

- This measure includes the total annual value of all manufacturing shipments by Alberta companies to other provinces, other countries, and within Alberta. Shipments were down slightly compared to last year, and below the target of $44 billion.
- As in the case of exports, the slump in the information and technology sector, the global manufacturing recession, and the events of September 11 all contributed to the decline in Alberta's manufacturing shipments. Industries with large declines included computer

[6] Of the $22.1 billion in exports, approximately $4.3 billion or 19% relates to service and $1.3 billion or 6% relates to tourism. These values are based on many assumptions and estimates.

[7] There are three major components of the value-added measure: manufacturing, tourism, and other services (this consists of commercial and transportation services). The manufacturing component is based on commodity values reported in Statistics Canada's Canadian International Merchandise Trade (Cat. No. 65-001). The tourism component is based on Statistics Canada's Tourscope – International Travel Survey (Cat. No. 66-201). Service methodology has changed from prior years. The "other services" component is estimated in-house by Alberta Economic Development using various sources. Commodities used to determine manufacturing exports include commodities identified by Statistics Canada as products of the manufacturing industry. Commodities were excluded if not produced in Alberta. Liquefied petroleum gases were also excluded since, in Alberta, they are not refinery products.

and electronic products (mainly telecom equipment), refined petroleum products, and pulp and paper. However, a number of industries, such as food and beverages, machinery, and fabricated metals, had strong shipment growth. Overall, the strong Alberta economy limited the manufacturing sector's decline to 0.4 percent, compared with a 5.3 percent decline at the national level.

Food and Beverage Exports

	Actual 1999	Actual 2000	Estimate 2001	Target 2001
Food and beverage exports ($billion)	2.2	2.6	3.1	2.7
Percent growth	12.9	18.8	17.4	12.5

Notes: (1) Actual figures for 1999 and 2000 are based on the most current data as of June 2002.
(2) Percent change figures are calculated from unrounded data.

- This measure includes the value of out of country exports of food and beverage products.[7] These exports continue to experience strong growth, exceeding the target of $2.7 billion in 2001.
- Growth in the food and beverage industry was mainly due to very strong beef exports, because of higher demand in the US and Mexico, and because of increased local slaughtering capacity. Exports of pork and malt also increased sharply.

Net New Business Increase

	Actual 1999	Actual 2000	Actual 2001	Target 2001
Net new business increase (thousand)	23.0	27.3	28.2	28.0
Percent growth	4.4	18.6	3.3	3.7

Note: Percent change figures are calculated from unrounded data.

- This measure is the number of new incorporations in Alberta, minus the number of bankruptcies, resulting in the number of "net" new businesses.[8] There were 28,200 net new businesses in 2001, slightly over the targeted 28,000.
- The increase in net new business was reflective of strong economic growth in Alberta.

[7] Agri-food and beverage exports include exports of processed agricultural and food products (value added exports). It includes food, beverages, feed and inedible crude animal and plant products. The data are compiled by the Statistics and Data Development Unit of Alberta Agriculture, Food and Rural Development (AAFRD). Data are sourced from the International Trade Division of Statistics Canada. Some uncertainty lies in the measurement of this data based on inadequacies in identifying province of origin of all exports.

[8] Data for incorporations are obtained from Alberta Government Services, Corporate Registries. Data for business bankruptcies are obtained from Industry Canada, Office of the Superintendent of Bankruptcy Canada.

Number of Export Ready and Active Exporting Companies

	Actual 1999-00	Actual 2000-01	Actual 2001-02	Target 2001-02
Number of export ready companies	1,300	1,138	1,290	1,500
Number of active exporters in Alberta	1,823	1,801	1,949	2,500

Source: Department of Foreign Affairs and International Trade (DFAIT)

- "Export ready" companies include companies who have an export plan and have committed resources to exporting but are not actively exporting, whereas "active exporters" were exporting products or services during the period.
- Although export ready and active exporters have increased over the previous year, the figures are below target. However, the figures may not account for all export ready and active exporters due to the voluntary nature of the World Information Network (WIN) for Exports Database.[9]

Ranking of Cost Competitiveness

Sector	Actual 2000-01		Actual 2001-02		Target 2001-02	
	Calgary	Edmonton	Calgary	Edmonton	Calgary	Edmonton
Food Processing	4	1	2	1		
Pharmaceuticals	3	1	2	1		
Medical Devices	2	1	2	1	*To maintain or improve competitive ranking*	
Telecommunications Equipment	2	1	-	-		
Software	2	1	2	1		
Electronics	2	1	2	1		
Industrial Machinery/ Metal Fabrication	4	3	4	2		
Plastics	4	3	4	3		

- This measure provides a ranking of the costs of doing business (from lowest to highest) by sector in Calgary and Edmonton compared to 11 other major cities in North America.[11]
- Compared to the previous fiscal year, the ranking was maintained or improved for all sectors that continued to be tracked. Thus, the target for 2001-02 to maintain or improve competitive ranking was achieved.

[9] The WIN Export Database is the Department of Foreign Affairs and International Trade's computerized database of registered Canadian exporters. The database includes information about the companies that are currently exporting, export ready or preparing to export. Registration is not mandatory – any active, export ready or preparing-to-export company can self-register.

[10] Data for Telecommunications Equipment in 2001-02 is not available since KPMG has discontinued this sector because of its similarity with Electronics Assembly.

[11] These rankings are based on the KPMG custom cost model developed for use by Alberta Economic Development to evaluate the competitiveness of Alberta business locations for selected industries based on 27 cost components. For a complete description of the model see the KPMG 2002 Competitive Alternatives Study, which is available electronically at http://www.competitivealternatives.com/main.htm. Although the model has been expanded to include other cities since it was introduced, six Canadian cities (Calgary, Edmonton, Vancouver, Toronto, Ottawa, and Montreal) and seven U.S. cities (Boise, Boston, Colorado Springs, Minneapolis, Phoenix, San Jose, and Seattle) are compared for the purpose of this performance measure.

Outgoing Trade Shows and Missions

	Estimate[12] 1999-00	Estimate 2000-01	Estimate 2001-02	Target 2001-02
Number of companies or organizations participating	-	224	280	325
Number of qualified sales/investment leads[13]	-	4,428	2,150	1,550
Percent who rated AED as helpful in achieving their goals	-	95.5	98.6	90

Source: Alberta Economic Development

- The number of companies participating in trade shows and missions was 280 in 2001-02. This figure is an increase over the previous year but below target. Many trade shows and missions were cancelled after the events of September 11.
- The number of qualified sales and investment leads is based on surveys of companies participating in trade shows and missions. Although the estimated 2,150 leads were down compared to the previous year, they were above the target of 1,550 for 2001-02.[14]
- Over 98 percent of companies surveyed rated the department as helpful in achieving their goals for the trade show or mission, well above the target of 90 percent.[15]

Effectiveness of International Offices

	Actual 2000-01	Actual 2001-02	Target[16] 2001-02
Total number of business introductions	620	882	-
Total number of qualified sales/investment leads[13]	161	551	-
Percent satisfaction with the product/services of offices	84.0	87.4	-

Source: Alberta Economic Development

- In order to assess the effectiveness of the International Offices, three measures have been collected: number of business introductions, number of qualified sales/investment leads facilitated by international offices, and satisfaction of Alberta organizations with the services provided by

[12] Data for outgoing tradeshows and missions in 1999-00 is not disclosed based on changes in methodology from prior years.

[13] A qualified lead is a business contact that develops into a relationship in which there is at least a 50% probability of completing a sale or investment.

[14] The estimate of 2,150 sales or investment leads was determined as follows: organizations participating in five trade shows and missions during the year were surveyed. The survey asked the respondents to identify the number of qualified leads they established using categories of 0, 1-10, 11-20, 21-30, 31-40, 41-50 and over 50. The mid-point of the range for each category was multiplied by the frequency of the response for each category. For the over 50 category, the average for this category from the previous year was used (263) because respondents did not specify the number over 50 in the 2001-02 survey.

[15] This rating is based on surveys of organizations participating in five trade shows and missions during the year. It represents the number of respondents that stated the department was "very helpful" or "somewhat helpful." Eighty-one organizations responded to the surveys, out of 119 that participated in these trade shows or missions.

[16] Data for this measure was collected for the first time in 2000-01, but were not available to establish targets prior to the release of the 2001-04 Business Plan.

international offices. The satisfaction measure was based on a client survey.[17]

- The percent of clients that were satisfied with services of the international offices increased over last year. For business introductions and qualified leads, information was collected during the second half of 2000-01 (October 2000 to March 2001). This accounts for the significant increase in 2001-02.

Alberta is a Globally Competitive Tourism Destination

Tourism Industry Revenue

	Actual 1999	Actual[18] 2000	Forecast[19] 2001	Target 2001
Total tourism revenue ($billion)	4.2	4.9	4.8	4.5
Percent of Canadian tourism revenue	13	13	13	13

Source: Statistics Canada Cat. Nos. 66-001 and 87-504-XPB

- Tourism industry revenue includes expenditures made in Alberta by visitors from overseas, the United States, other Canadian provinces, and residents of Alberta.
- Tourism revenue declined slightly between 2000 and 2001 primarily as a result of the terrorist attacks of September 11, 2001.

Alberta Market Share of Canadian Overnight Visitors

	Actual 1999	Actual 2000	Actual[20] 2001	Target 2001
Percent of European visitors	13.6	13.9	-	13.8
Percent of Asia-Pacific visitors[21]	16.6	16.4	-	16.1
Percent of United States visitors	6.2	6.5	-	6.4

Source: Statistics Canada Cat. No. 66-001

Partner Satisfaction with Tourism Marketing Products and Services

	Actual 2001-02	Target 2001-02
Percent tourism industry partners satisfaction	-	85

- The results of various partner satisfaction surveys in 2001-02 could not be combined into an aggregate measure due to differences in methodology.

[17] The 2001-02 International Offices Client Survey was administered by Alberta Economic Development's international offices. Clients were given questionnaires after they received a service from the office and were asked to either mail, fax or e-mail their responses to an independent research firm. The satisfaction measure is based on an overall satisfaction question. The percent satisfied is the proportion of respondents that stated they were "very" or "somewhat" satisfied. Two hundred and seventy-four clients responded to the survey out of 635 who were contacted, resulting in a response rate of 43 percent. The survey results are accurate within ±4%, 19 times out of 20.

[18] The estimate for 2001 is based on preliminary data for the U.S. and overseas overnight province visits to Alberta and is subject to revision.

[19] Due to a change in methodology for data collection by the Canadian Travel Survey, total expenditures and person-visits for 2000 and subsequent years are not comparable to previous years.

[20] Data for 1999-00 and 2000-01 has been modified since the Asia-Pacific category now includes Australia and New Zealand.

Industry Leveraging

	Actual[21] 1999-00	Actual 2000-01	Actual 2001-02	Target 2001-02
In-Province Leveraging Ratio	1.2:1	1.7:1	1.7:1	1.5:1
International/National Leveraging Ratio	2.5:1	2.5:1	2.9:1	2.7:1

- **Industry leveraging measures the ratio of funding for tourism product marketing by the Alberta private sector compared to the department. For example, a ratio of 1.7:1 means: "for every one dollar the department contributes, the private sector contributed 1.7 dollars."**
- **Leveraging results were above target in 2001-02 for both in-province tourism marketing and international/ national tourism marketing.**

Marketing Effectiveness

	Actual 1999-00	Actual 2000-01	Actual 2001-02	Target 2001-02
Call centre inquiries	118,815	107,612	86,018	107,000
Number of Web site user sessions[3]	-	265,324	395,242	125,000
Tourism information packages distributed[4]	69,216	99,617	95,273	103,000

- **The performance measures above reflect the effectiveness of tourism marketing in the province. Call centre inquiries and the distribution of tourism information packages declined last year compared to the previous year and were below target. However, this was more than compensated by overwhelming use of the TravelAlberta.com Web site, which increased remarkably – even doubling the target.**

[1] The methodology used to derive data for 1999 leveraging ratios is different than in the following years.

[2] The original data for In-province Leveraging Ratio was obtained for Parcom Travel Marketing. The data for International/National Leveraging Ratio was obtained from Travel Alberta International.

[3] User sessions are the estimated number of times a visitor came to the site. The estimate does not account for cached pages, multiple users originating from one server, and servers that allocate a new 'hostname' for every request. The estimates are reported by Web Trends based on an analysis of the server log files.

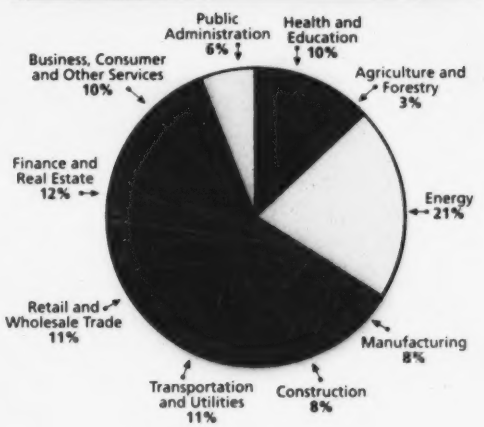
[4] Data for call centre inquiries and information packages distributed was received from Global Direct Inc., the call centre contractor. The number of packages distributed for 1999-00 differs from the 2001-04 business plan due to the correction of a spreadsheet error.

The following information provides supplementary analysis related to the core performance measures.

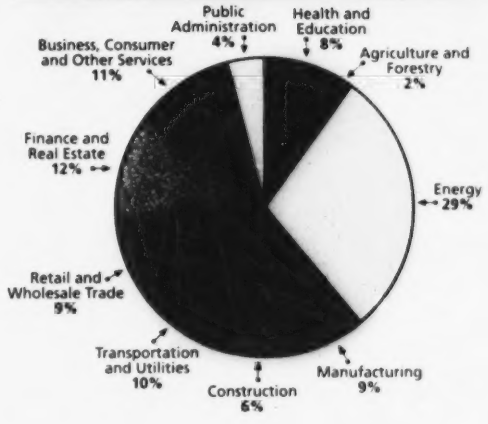
Alberta's Gross Domestic Product

Alberta continues to grow as a diversified economy. Over the last 10 years, the highest growth in real gross domestic product (GDP) occurred in energy, manufacturing, and business, consumer and other services. In order to continue to progress toward a more diversified economy, the manufacturing sector will have to increase its share of GDP beyond the current nine percent.

Alberta Gross Domestic Product by Industry 1990

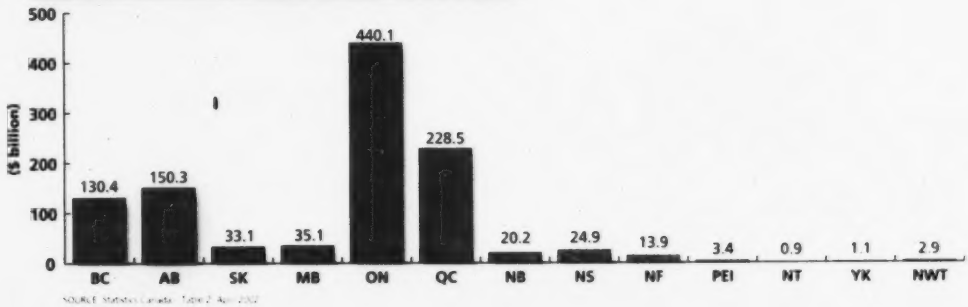


Alberta Gross Domestic Product by Industry 2000



Gross domestic product in Alberta compared favourably to the other provinces. In fact, Alberta has surpassed B.C. as the third largest economy, even though Alberta has one million fewer people.

Gross Domestic Product by Province 2001



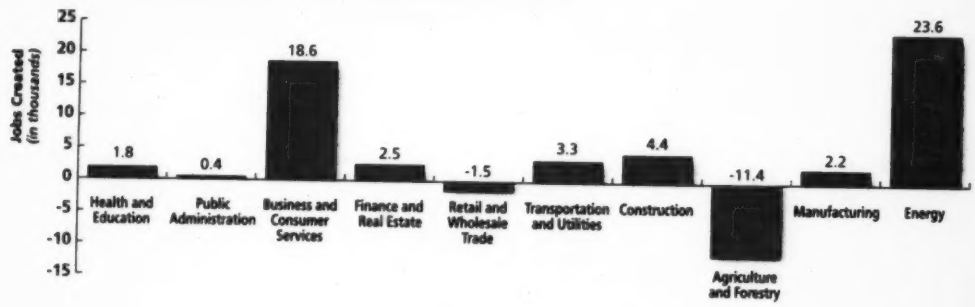
SOURCE: Statistics Canada, Table 2, April 2002

Employment Growth

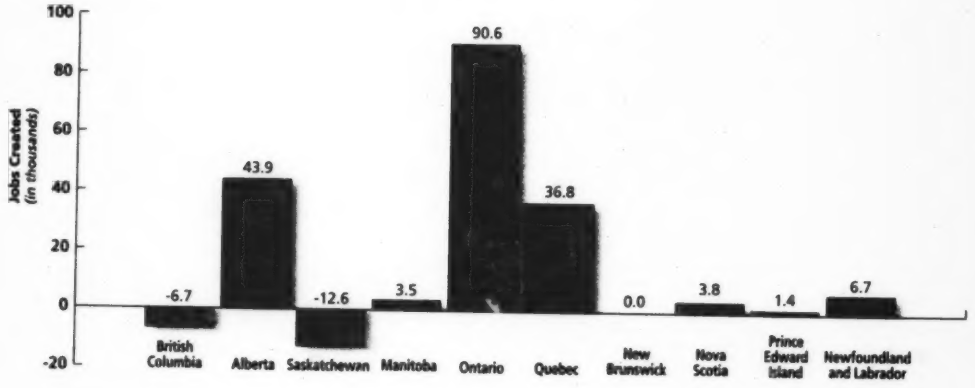
The province's increase in employment over the last year was led by jobs created in the energy industry, with employment growth of 30.5 percent from the previous year. Business and consumer services, which include jobs in the areas of professional, scientific, technical, accommodation and other services, produced the second highest growth rate at 4.5 percent in 2001.

With 43,900 jobs created over the last year, Alberta achieved the second highest growth among Canadian provinces.

Employment Growth by Industry in Alberta 2000-2001



Employment Growth by Province 2000-2001

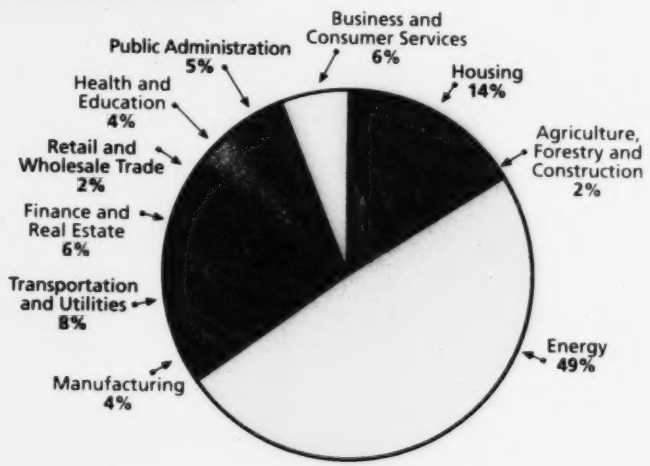


SOURCE: Labour Force Survey, Statistics Canada, February 2001

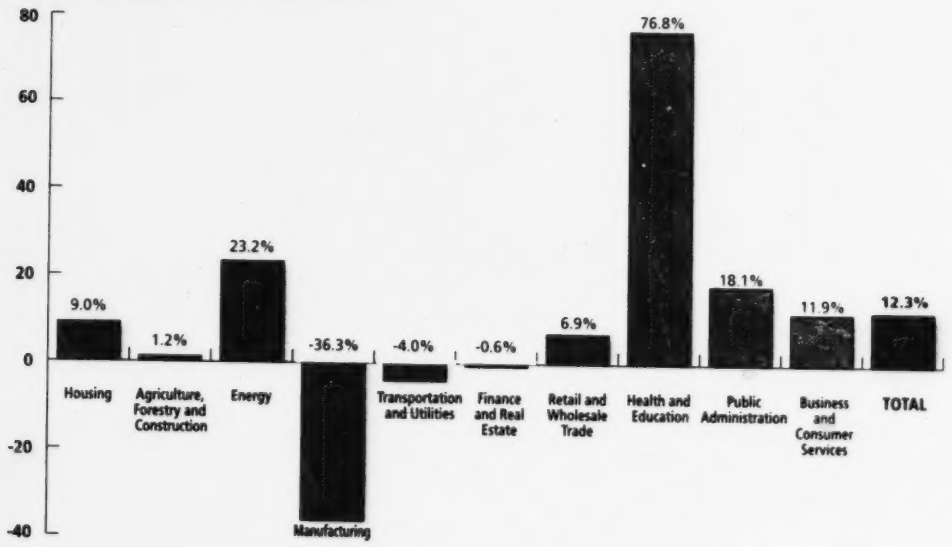
Investment

Although investment in the manufacturing and service industry declined in 2001, total investment in Alberta grew 12.3 percent to a total of $40.9 billion. Energy remains the primary sector for capital investment. In 2001, the health and education sector led the investment growth rate.

Capital Investment by Sector 2001



Capital Investment Growth Rates 2001



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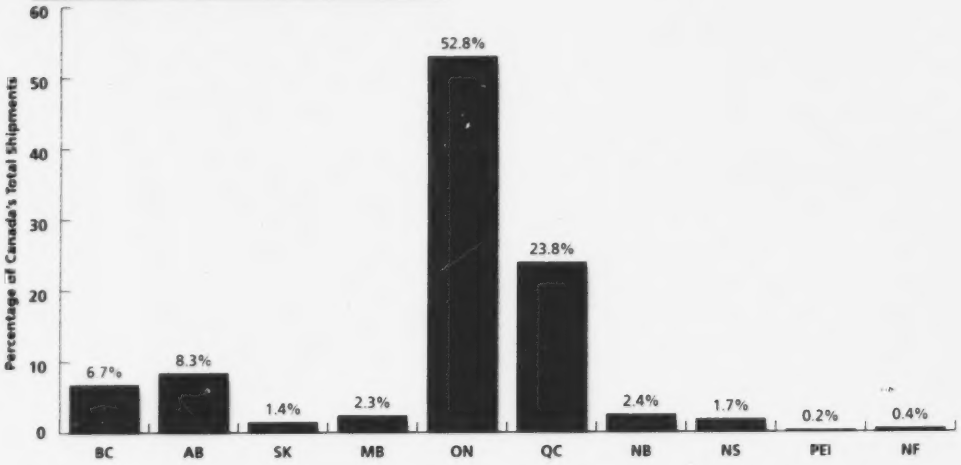
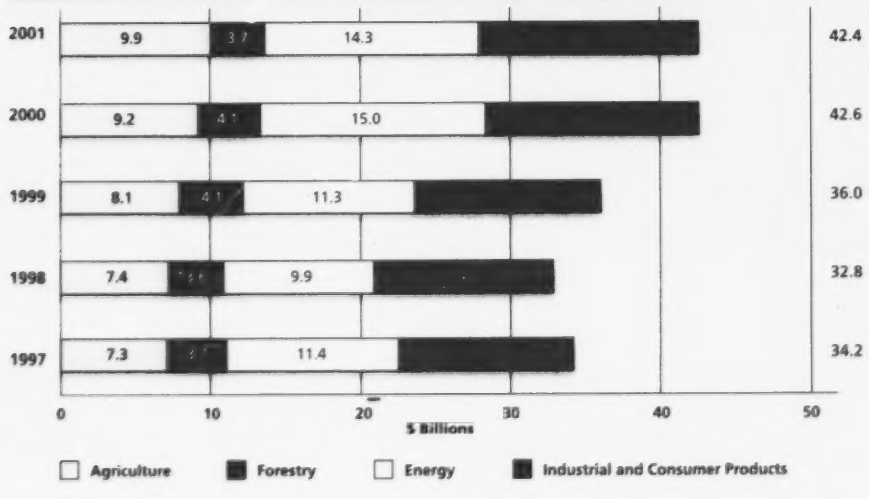
Manufacturing Shipments

In 2001, Alberta's manufacturing shipments were an estimated $42.4 billion. Our shipments accounted for 8.3 percent of Canada's total shipments, an increase from 7.9 percent in 2000. Compared to other provinces, Alberta's share of Canadian manufacturing shipments was the third largest in 2001.

Manufacturing Shipments by Province 2001



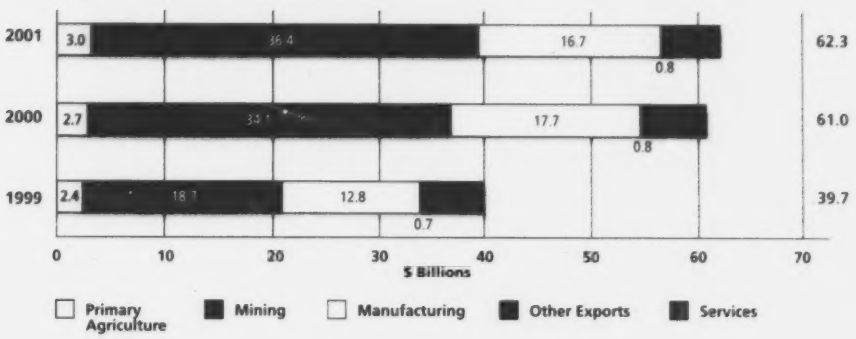
Value of Manufacturing Shipments by Product Group in Alberta 1997-2001



Exports

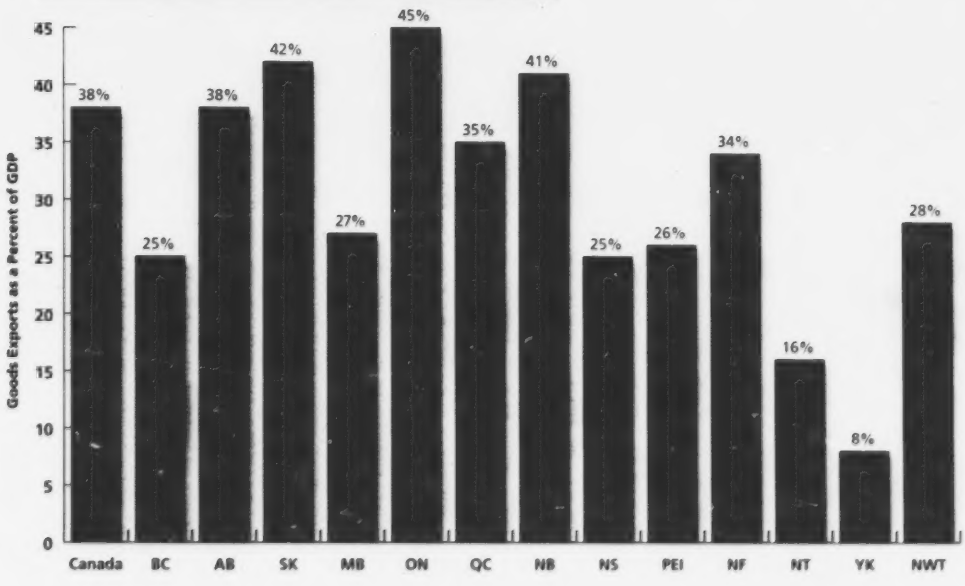
Although manufacturing and service exports declined 5.5 percent in 2001, the total value of Alberta's exports increased by 2.1 percent between 2000 and 2001 to $62.3 billion. In the past year, 27 percent of Alberta's total exports and 11 percent of Alberta's GDP came from the manufacturing sector. Agricultural exports had the highest growth rate in Alberta.

Exports by Sector in Alberta 1999-2001



Compared to other provinces, goods exports from Alberta make up a large proportion of the GDP. Alberta goods exports amounted to 38 percent of GDP in 2001, matching the national average.

Goods Exports as a Percent of GDP by Province in 2001



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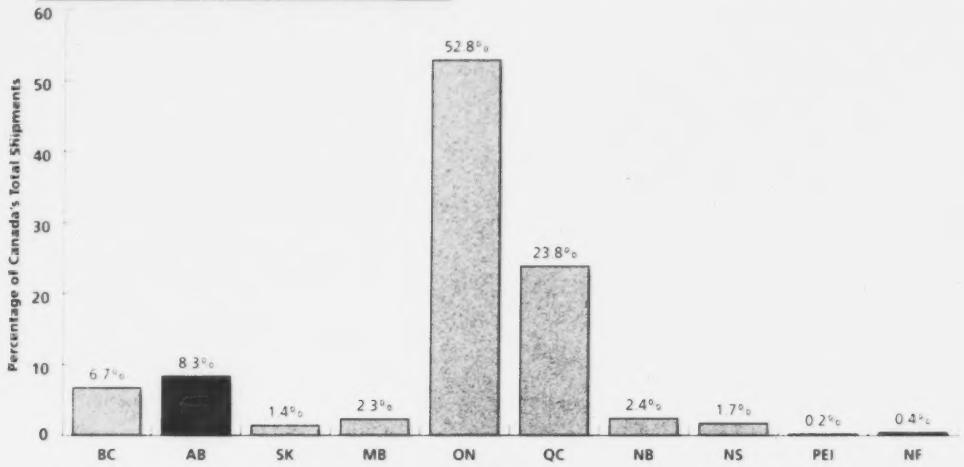

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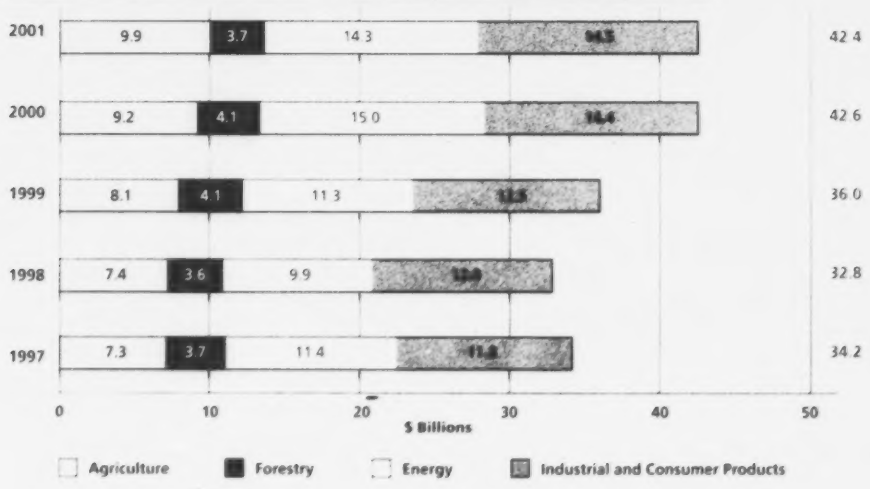

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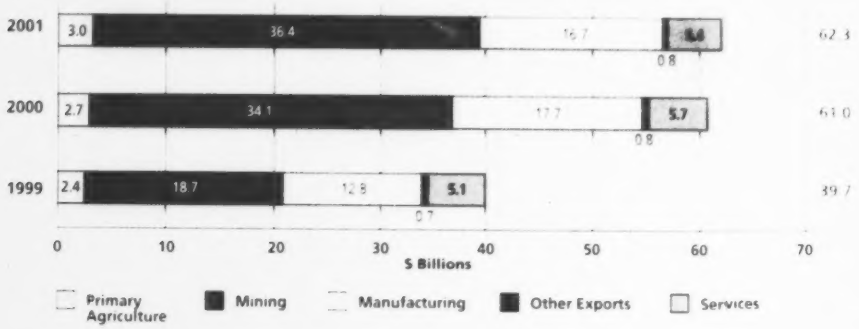

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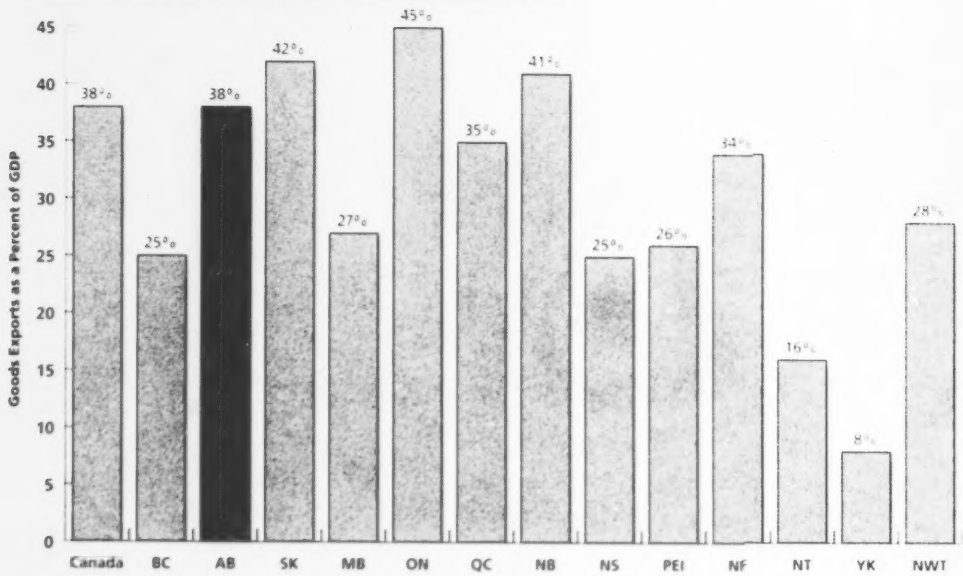

Summary of Results

Considering the key achievements and performance measures discussed above, key results may be summarized as follows:

- Alberta continued to experience strong economic and employment growth. However, there was some weakness in the growth of exports, manufacturing shipments and tourism revenue.
- Cost-competitiveness was maintained or improved in key sectors of the Alberta economy.
- The information provided by the department was valued by business, as evidenced in part through the growing number of visitors to the Internet sites hosted by the department.
- Clients expressed strong satisfaction with specific services, such as the services of the international offices and helping organizations meet objectives at trade shows.
- Collaboration with other departments and levels of government was a clear strength of the department. It has resulted in effective strategic planning and policy direction, and the leveraging of private sector investments and expertise.

The significant external factors that impacted on the results include the following:

- ***The global manufacturing recession*** | Between the end of 2000 and the beginning of 2002, United States manufacturing output dropped steadily, and the decline spread to many other regions. For example, the European Union's manufacturing output has been declining since mid-2001.

- ***The terrorist attacks of September 11, 2001*** | The impact was clearly felt on the tourism industry. Alberta tourism revenue declined by about $75 million as a result. However, the impact of the attacks were mitigated by an aggressive marketing campaign.

  Manufacturing exports were also impacted. For example, insurance rates for the marine shipping industry increased dramatically after September 11.

- ***The slump in the information and technology sector*** | Because of over-investment in the telecommunications and computer infrastructure in the years prior to 2001, the information technology

sector in the United States entered a deep recession early in 2001.

- This recession quickly spread to other countries, especially those providing information technology equipment to the United States.
- It also affected Alberta's computer and electronics industry, mainly telecommunications equipment, which declined by about one-third in 2001.

Looking Forward: Challenges and Opportunities

Key challenges for the department include:

- ***Enhancing economic diversification*** | Alberta Economic Development will consult with our stakeholders in government and the private sector toward the development of a strategic framework for economic development that focuses our collective efforts toward the further diversification of value-added sectors of the economy. The need to address the issue of diversification is clear, as almost two-thirds of Alberta's announced capital projects are related to the oil and gas sector.

- ***Maintaining access to the U.S. market*** | Trade with the United States represents almost 90 percent of total exports and 25 percent of Alberta's GDP. Maintaining access to this market will be a significant challenge in light of the recent protectionist measures in the steel, softwood lumber, and agricultural industries.

- ***Meeting the needs of business for skilled labour*** | With strong economic growth in the forecast and on-going skill shortages, the department will continue to work with other government departments to meet the demand.
  - Alberta Economic Development will be supporting Alberta Human Resources and Employment with strategies related to this issue, as identified in the fourth objective of the Economic Development Strategy.
  - The Provincial Nominee Program is an important component of this strategy.

- ***Strengthening collaborative efforts to overcome regional economic disparity*** | Approximately 90 percent of capital projects are located in the Calgary-Edmonton corridor and the Fort McMurray/Cold Lake region.
  - Collaborative and strategic economic development activities will be required to achieve regional economic prosperity in spite of this trend.
  - This issue will benefit from the third objective of the Economic Development Strategy: "A collaborative approach to regional economic development that builds on regional goals, priorities and strengths."
  - The continued formation of, and support for, regional economic alliances will also be critical.
- ***Sustaining and improving the effectiveness of departmental services and programs*** | To make the most efficient use of the department's resources, Alberta Economic Development needs to continue its focus on improving internal business processes and systems to deliver client value. Sector teams will be provided with training and other tools to enhance their ability to more effectively facilitate the further development of key industry sectors and clusters.
- ***Continuing to deliver strategic intelligence to clients*** | There is an opportunity to build on the department's ability to work collaboratively to:
  - disseminate information and intelligence effectively, and
  - partner with the private sector in order to provide improved competitive and strategic intelligence to our clients.

Addressing these challenges will help to ensure Alberta is the best place in the world to work, live, and do business.

FINANCIAL INFORMATION

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedule of Revenues

Schedule of Dedicated Revenue Initiatives

Schedule of Expenses –
Directly Incurred Detailed by Object

Schedule of Budget

Schedule of Comparison of Expenses –
Directly Incurred by Element to Authorized Budget

Schedule of Salary and Benefits Disclosure

Schedule of Related Party Transactions

Schedule of Allocated Costs

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Economic Development as at March 31, 2002 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ministry of Economic Development as at March 31, 2002 and the results of its operations and the change in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn CA
AUDITOR GENERAL

Edmonton, Alberta
MAY 23, 2002

Ministry of Economic Development

Statement of Operations

For the Year Ended March 31, 2002

(in thousands)

	2002 Budget (SCHEDULE 4)	2002 Actual	2001 Actual
Revenues (SCHEDULES 1 AND 2)			
Transfers from Government of Canada	$ 214	**$ 214**	$ 143
Other Revenue	750	**343**	1,252
	964	**557**	1,395
Expenses – Directly Incurred (NOTE 2B AND SCHEDULE 8)			
Voted (SCHEDULES 2, 3 AND 5)			
Ministry Support Services	5,033	**5,080**	4,590
Market Development and Investment Attraction	25,077	**24,508**	25,021
Tourism Marketing and Development	19,145	**19,376**	18,700
Economic Policy and Planning	2,200	**1,893**	1,944
	51,455	**50,857**	50,255
Valuation Adjustments			
Provision for Vacation Pay	-	**39**	186
	51,455	**50,896**	50,441
Loss on Disposal of Capital Assets	-	**-**	183
Write down of Inventories Held for Sale	-	**14**	3
	-	**14**	186
Net Operating Results	**$ (50,491)**	**$ (50,353)**	**$ (49,232)**

The accompanying notes and schedules are part of these financial statements.

Ministry of Economic Development

Statement of Financial Position

As at March 31, 2002

(in thousands)

	2002	2001
Assets		
Cash	**$ 2,005**	$ 3,005
Accounts Receivable (NOTE 3)	**340**	348
Advances (NOTE 4)	**455**	331
Inventories Held for Sale	**28**	36
Capital Assets (NOTE 5)	**384**	650
	$ 3,212	$ 4,370
Liabilities		
Accounts Payable and Accrued Liabilities	**$ 6,852**	$ 5,312
	6,852	5,312
Net Liabilities		
Net Liabilities at Beginning of Year	**$ (942)**	$ (4,963)
Net Operating Results	**(50,353)**	(49,232)
Net Transfer from General Revenues	**47,655**	53,253
Net Liabilities at End of Year	**(3,640)**	(942)
	$ 3,212	$ 4,370

The accompanying notes and schedules are part of these financial statements.

Ministry of Economic Development

Statement of Changes in Financial Position

For the Year Ended March 31, 2002

(in thousands)

	2002	2001
Operating Transactions		
Net Operating Results	**$ (50,353)**	$ (49,232)
Non-cash items :		
Amortization	**265**	65
Loss on Disposal of Capital Assets	**-**	183
Write Down of Inventories Held for Sale	**14**	3
Valuation Adjustments	**39**	186
	(50,035)	(48,795)
Decrease (increase) in Accounts Receivable	**8**	(321)
Decrease (increase) in Advances	**(124)**	37
Increase in Inventories Held for Sale [a]	**(6)**	(17)
Increase (decrease) in Accounts Payable and Accrued Liabilities [b]	**1,501**	(3,907)
Cash used by Operating Transactions	**(48,656)**	(53,003)
Investing Transactions		
Purchase of Capital Assets	**-**	(360)
Transfer of Capital Asset to Alberta Corporate Service Centre	**1**	-
Cash provided (used) by Investing Transactions	**1**	(360)
Financing Transactions		
Net transfer from General Revenues	**47,655**	53,253
Net Cash Used	**(1,000)**	(110)
Cash, Beginning of Year	**3,005**	3,115
Cash, End of Year	**$ 2,005**	**$ 3,005**

The accompanying notes and schedules are part of these financial statements.

[a] Adjusted for write down of inventories held for sale.

[b] Adjusted for valuation adjustments.

Ministry of Economic Development

Notes to the Financial Statements

For the Year Ended March 31, 2002

NOTE 1 | Authority and Purpose

The Ministry of Economic Development operates under the authority of the Government Organization Act, Statutes of Alberta.

The Ministry of Economic Development's vision of **Alberta is the best place in the world to live and do business** and its mission **to facilitate business and community prosperity** will be accomplished by continuing to build strong teams, partnerships, and alliances with Alberta businesses and communities in facilitating industry and trade development, investment attraction, and tourism.

We work to achieve our mission by concentrating on the following three core businesses:

1. Providing strategic policy and planning input for Alberta's economic development;
2. Promoting strategic intelligence that facilitates industry growth and trade; and
3. Positioning and promoting Alberta for tourism, trade and investment.

NOTE 2 | Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries, departments, agencies and funds. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Economic Development for which the Minister of Economic Development is accountable. The Department of Economic Development is the only

reporting entity in the Ministry of Economic Development for the year ended March 31, 2002. The Ministry Annual Report provides a more complete picture of results achieved and of the responsibilities for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to/from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in schedule 8.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for sale. Inventories held for sale are valued at lower of cost and estimated net realizable value.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their book values.

Net Assets/Net Liabilities

Net assets/net liabilities represents the difference between the value of assets held by the Ministry and its liabilities.

Foreign Currency Transactions

The Ministry uses the temporal method to translate foreign currency transactions as follows:

- Monetary items are translated at the rate of exchange in effect at the balance sheet date; and
- Expense items and non-monetary items are translated at the rate of exchange in effect in the period they occur.

NOTE 3 | Accounts Receivable
(in thousands)

	2002			2001
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 340	$ -	$ 340	$ 348

Accounts receivable are unsecured and non-interest bearing.

NOTE 4 | Advances
(in thousands)

	2002	2001
	Net Realizable Value	Net Realizable Value
Travel and Other Advances	$ 455	$ 331

NOTE 5 | Capital Assets
(in thousands)

	2002				2001
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	5 Years	$ 822	$ 659	$ 163	$ 307
Computer Hardware and Software	3 Years	1,192	971	221	343
		$ 2,014	$ 1,630	$ 384	$ 650

Equipment previously amortized over a ten-year useful life are now amortized over five years.

NOTE 6 | Commitments
(in thousands)

As at March 31, 2002 the Ministry has the following commitments for each of the next five years.

	Total	Grants	Contracts
2003	$ 15,801	$ 502	$ 15,299
2004	$ 13,072	$ 502	$ 12,570
2005	$ 12,649	$ 502	$ 12,147
2006	$ 103	$ -	$ 103
2007	$ -	$ -	$ -
Thereafter	$ -	$ -	$ -

NOTE 7 | Contingencies
(in thousands)

As at March 31, 2002, the Ministry is jointly named with another government entity as a defendant in one legal claim (2001 – four legal claims), with a specified amount of $8,300 (2001 – $9,475). The Ministry considers that a valid defence exists in this instance; however, the resulting loss, if any, from this claim cannot be determined.

NOTE 8 | Defined Benefit Plans *(in thousands)*

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,082 for the year ended March 31, 2002 (2001 – $895).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of $5,338(2000 – $170,858) and the Public Service Pension Plan reported a surplus of $320,487(2000 – $635,084). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $399 (2000 – surplus $180).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2002, the Bargaining Unit Plan reported an actuarial deficiency of $8,646 (2001 – $12,710) and the Management, Opted Out and Excluded Plan reported an actuarial deficiency of $2,656 (2001 – $4,583). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 9 | Other Business Relationships *(in thousands)*

(a) Travel Alberta International (TAI)

On July 7, 1999 the Ministry entered into a rolling three-year agreement with Travel Alberta International Inc. (TAI), a not-for-profit Corporation jointly owned by Economic Development Edmonton and Calgary Convention and Visitors Bureau, to carry out international tourism marketing on behalf of the Ministry. The nature of this arrangement, which expires March 31, 2005, is such that the Ministry exercises significant influence over the strategic operational, investing and financing activities of TAI. During the year the Ministry acquired tourism marketing services totalling $8,027 (2001 – $7,603) from TAI, of which $798 (2001 – $307) was payable to TAI as at March 31, 2002. These amounts are included in the Ministry's financial statements under the element "International Marketing."

(b) The Business Link Business Service Centre

The Business Link Business Service Centre (the "Centre") was established in 1996 as a government partnership between the Province of Alberta, the City of Edmonton and the Government of Canada, to deliver business information and information related assistance to

entrepreneurs in the Province of Alberta, and reduce service overlap and duplication among the partners. In November 2001 the Centre was incorporated as a not-for-profit organization under Part 9 of the Companies Act. Effective April 1, 2001, the City of Edmonton withdrew its support of the Centre. The members of the Centre now consist of representation from the Province of Alberta and the Government of Canada, which share control of decisions related to the financial and operating policies of the Centre. During the year the Ministry contributed $669 (2001 – $502) towards the Centre's operations, of which $75 (2001 – $-) was payable to the Centre as at March 31, 2002. In addition, $27 (2001 – $-) was receivable from the Centre as at March 31, 2002. These amounts are included in the Ministry's financial statements under the element "Regional Development". Additionally, $127 (2001 – $130) was incurred by the Ministry of Infrastructure to support accommodation costs of the Centre.

(c) CAPC

In April 1999 the Province of Alberta entered into a five year agreement, expiring in February 2004 with the China National Petroleum Corporation (CNPC), to jointly operate and manage the CNPC-Alberta Petroleum Centre (CAPC) located in Beijing, Peoples Republic of China. The main purpose of the CAPC is to promote the transfer of advanced petroleum and environment related science and technology between CNPC and Alberta. As at March 31, 2002, seven of the 15 members of the board of the Centre were appointed by the Province of Alberta. During the year, the Ministry contributed $662 (2001 – $607) towards the operations and training programs and $104 (2001 – $160) towards upgrading the Centre's equipment. These amounts are included in the Ministry's financial statements under the element "International Trade Representation."

NOTE 10 | Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

NOTE 11 | Approval of Financial Statements

The Financial Statements were approved by the Senior Financial Officer and the Deputy Minister.

Ministry of Economic Development

Schedule to the Financial Statements

Revenues

For the Year Ended March 31, 2002

SCHEDULE 1

(in thousands)

	2002 Budget	2002 Actual	2001 Actual
Transfers from Government of Canada			
Western Economic Partnership Agreement	$ 214	**$ 214**	$ 143
	214	**214**	143
Other Revenues			
Refund of Expenditure	-	**283**	721
Other Revenue	750	**60**	531
	750	**343**	1,252
Total Revenues	**$ 964**	**$ 557**	**$ 1,395**

Ministry of Economic Development

Schedule to the Financial Statements

Dedicated Revenue Initiatives

For the Year Ended March 31, 2002

SCHEDULE 2

(in thousands)

	2002 Authorized Dedicated Revenues	2002 Actual Dedicated Revenues[a]	2002 (Shortfall)/ Excess
Transfers from Government of Canada:			
Western Economic Partnership Agreement			
Connectivity 2000 [b]	$ 30	$ 28	$ (2)
Community Investment Program [c]	65	65	-
Integrated Investment Information System [d]	100	100	-
Competitive Intelligence Training [e]	19	21	2
	$ 214	**$ 214**	**$ -**

[a] These amounts are recorded in the Ministry's Statement of Operations and disclosed in schedule 1.

[b] Western Economic Diversification Canada provided 50% of the funding to develop and present workshops to increase the understanding, awareness and adoption of business applications to Alberta businesses and communities.

[c] Western Economic Diversification Canada provided 50% of the funding to develop and implement initiatives that will enhance the ability of Alberta communities to attract business and investment.

[d] Western Economic Diversification Canada provided 50% of the funding to complete a feasibility study and pilot project to effectively merge and integrate municipal site location information with provincial, federal, and private sector data to ensure Alberta is considered a preferred site location.

[e] Western Economic Diversification Canada provided 50% of the funding to provide competitive intelligence training to Alberta private sector companies through a four seminar series delivered in four locations throughout the province.

Ministry of Economic Development
Schedule to the Financial Statements
Expenses – Directly Incurred Detailed by Object
For the Year Ended March 31, 2002
SCHEDULE 3
(in thousands)

	2002 Budget	2002 Actual	2001 Actual
Voted			
Salaries, Wages and Employee Benefits	$ 17,472	**$ 17,124**	$ 15,959
Supplies and Services	32,687	**31,135**	31,968
Grants	1,075	**2,271**	2,180
Financial Transactions and Other	50	**62**	83
Amortization of Capital Assets	171	**265**	65
Total Voted Expenses	**$ 51,455**	**$ 50,857**	**$ 50,255**

Ministry of Economic Development
Schedule to the Financial Statements
Budget
For the Year Ended March 31, 2002
SCHEDULE 4
(in thousands)

	2001-2002 Estimates
Revenues:	
Transfers from Government of Canada	$ 214
Other Revenue	750
	964
Expenses – Directly Incurred:	
Voted	
Ministry Support Services	5,033
Market Development and Investment Attraction	25,077
Tourism Marketing and Development	19,145
Economic Policy and Planning	2,200
	51,455
	$ (50,491)

Ministry of Economic Development

Schedule to the Financial Statements

Comparison of Expenses – Directly Incurred by Element to Authorized Budget

For the Year Ended March 31, 2002

SCHEDULE 5

(in thousands)

	2001-2002 Estimates	**2001-2002 Actual Expenses**[a]	Unexpended (Over Expended)
Expense:			
Voted Expenses and Capital Investments			
1. **Ministry Support Services**			
1.0.1 Minister's Office	$ 311	**$ 310**	$ 1
1.0.2 Deputy Minister's Office	367	**366**	1
1.0.3 Finance and Administration	3,019	**2,895**	124
1.0.4 Communications	424	**356**	68
1.0.5 Performance Management	912	**1,153**	(241)
	5,033	**5,080**	(47)
2. **Market Development and Investment Attraction**			
2.1 Investment and Trade			
2.1.1 Operations	278	**266**	12
2.1.2 International Trade Representation (NOTE 9)	5,820	**5,512**	308
2.1.3 Investment, Marketing and Trade Relations	8,545	**8,603**	(58)
	14,643	**14,381**	262
2.2 Industry and Regional Development			
2.2.1 Operations	297	**306**	(9)
2.2.2 Industry Development	3,774	**3,589**	185
2.2.3 Regional Development (NOTE 9)	3,624	**3,457**	167
	7,695	**7,352**	343
2.3 Information Resources and Services			
2.3.1 Information Resources and Services	2,739	**2,775**	(36)
	2,739	**2,775**	(36)
3. **Tourism Marketing and Development**			
3.1 Tourism Marketing			
3.1.1 Travel Alberta Secretariat	1,200	**1,149**	51
3.1.2 In-Alberta/Regional Marketing	2,800	**2,997**	(197)
3.1.3 International Marketing (NOTE 9)	8,450	**8,660**	(210)
3.1.4 Tourism Destination Regions	1,800	**1,800**	-
	14,250	**14,606**	(356)
3.2 Tourism Services			
3.2.1 Alberta Image Promotion	655	**629**	26
3.2.2 Research	350	**326**	24
3.2.3 Visitor Support Services	2,845	**2,823**	22
	3,850	**3,778**	72
3.3 Tourism Development			
3.3.1 Tourism Development Branch	1,045	**992**	53
	1,045	**992**	53
4. **Economic Policy and Planning**			
4.0 Economic Policy and Planning			
4.0.1 Policy and Economic Analysis	1,894	**1,584**	310
4.0.2 Alberta Economic Development Authority Support	306	**309**	(3)
	2,200	**1,893**	307
	$ 51,455	**$ 50,857**	$ 598
Total By Program			
Ministry Support Services	5,033	**5,080**	(47)
Market Development and Investment Attraction	25,077	**24,508**	569
Tourism Marketing and Development	19,145	**19,376**	(231)
Economic Policy and Planning	2,200	**1,893**	307
	$ 51,455	**$ 50,857**	$ 598
Statutory Expenses			
Valuation Adjustments	$ -	**$ 39**	$ (39)

[a] Includes achievement bonus of $241,000.

Ministry of Economic Development

Schedule to the Financial Statements

Salary and Benefits Disclosure

For the Year Ended March 31, 2002

SCHEDULE 6

	2002			2001
	Salary [1]	Benefits and Allowances [2]	Total	Total
Deputy Minister [3]	**$ 158,227**	**$ 52,015**	**$ 210,242**	$206,246
Other Executives:				
Assistant Deputy Minister, Tourism and Industry [7]	**117,718**	**39,416**	**157,134**	144,148
Assistant Deputy Minister, Investment and Trade [4][7]	**102,138**	**25,003**	**127,141**	164,075
Executive Director, Policy and Economic Analysis	**100,057**	**19,374**	**119,431**	119,509
Executive Director, Strategic Planning [5]	**97,520**	**21,474**	**118,994**	-
Senior Financial Officer [6][7]	**85,209**	**17,337**	**102,546**	45,144
Executive Director, Information and Strategic Services [8]	-	-	-	71,641

Total salary and benefits relating to a position are disclosed.

[1] Salary includes regular base pay, bonuses, lump sum payments and any other direct cash remuneration.

[2] Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees. The Deputy Minister receives a car modifier allowance.

[3] The former Assistant Deputy Minister, Investment and Trade was promoted to Deputy Minister on April 1, 2001. The 2001 comparatives show the salary and benefits of the last incumbent that occupied the position from April 1, 2000 to March 31, 2001.

[4] Position vacant from April 1, 2001 to April 30, 2001. This schedule reflects the salary and benefits for the Assistant Deputy Minister from May 1, 2001 to March 31, 2002. The 2001 comparatives show the salary and benefits of the last incumbent that occupied the position from April 1, 2000 to March 31, 2001.

[5] Position created on April 17, 2001. This schedule reflects the salary and benefits for the Executive Director from April 17, 2001 to March 31, 2002.

[6] In 2000-2001, this position was titled Director of Finance and Performance Accountability. This position became a member of the Executive Committee effective October 25, 2000. The 2001 comparatives show the salary and benefits for the Director from October 25, 2000 through March 31, 2001.

[7] The benefits and allowances figures include vacation payouts for the following individuals: Assistant Deputy Minister, Tourism and Industry 2002 $6,191 (2001 $3,699); Assistant Deputy Minister, Investment and Trade 2002 $1,916 (2001 $13,054); Senior Financial Officer 2002 $1,562 (2001 $1,716).

[8] The incumbent left the Ministry to serve in another ministry on October 25, 2000.

Ministry of Economic Development

Schedule to the Financial Statements

Related Party Transactions

For the Year Ended March 31, 2002

SCHEDULE 7

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry. The Ministry and its employees paid or collected certain fees and charges set by regulation. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Revenues:				
Grants	$ -	$ -	$ -	$ -
Other	-	-	-	105,000
	$ -	$ -	$ -	$ 105,000
Expenses:				
Other Expenses	$ -	$ -	$1,897,063	$ 378,675
	$ -	$ -	$1,897,063	$ 378,675

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in schedule 8.

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Expenses – Incurred by Others:				
Accommodation	$ -	$ -	$5,615,984	$5,324,620
Other services	-	-	79,157	45,051
	$ -	$ -	$5,695,141	$5,369,671

The Ministry also had transactions with three entities over whom it exercises significant influence. These amounts are recorded in the Ministry's Statement of Operations and disclosed in Note 9.

Ministry of Economic Development

Schedule to the Financial Statements

Allocated Costs

For the Year Ended March 31, 2002

SCHEDULE 8

(in thousands)

	2002					2001
		Expenses Incurred by Others		Valuation Adjustment		
	Expenses [1]	Accommodation Costs	Legal Services	Vacation Pay	Total Expenses	Total Expenses
Program						
Ministry Support Services	$ 5,080	$ 630	$ 29	$ (17)	$ 5,722	$ 5,411
Market Development and Investment Attraction	24,508	3,492	2	56	28,058	28,441
Tourism Marketing and Development	19,376	1,253	48	21	20,698	19,892
Economic Policy and Planning	1,893	241	-	(21)	2,113	2,067
	$ 50,857	$ 5,616	$ 79	$ 39	$ 56,591	$ 55,811

[1] Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments and write down of inventories held for sale.

ALPHABETICAL LIST OF GOVERNMENT ENTITIES FINANCIAL STATEMENTS

Entities Included in the Consolidated Government Reporting Entity

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Child and Family Services Authorities: (cont'd)	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCore Inc	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment	Human Resources and Employment

[1]Ministry includes only the department so separate department financial statements are not necessary.

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards	
Calgary Community Board	Community Development
Central Community Board	Community Development
Edmonton Community Board	Community Development
Northeast Community Board	Community Development
Northwest Community Board	Community Development
South Community Board	Community Development
Persons with Developmental Disabilities Foundation[2]	Community Development
Persons with Developmental Disabilities Michener Centre Facility Board	Community Development
Persons with Developmental Disabilities Provincial Board	Community Development
Provincial Judges and Masters in Chambers Reserve Fund	Finance
S C Financial Ltd.	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

[1] Ministry includes only the department so separate department financial statements are not necessary.
[2] Dissolved June 2001.

Entities Not Included in the Consolidated Government Reporting Entity

FUND OR AGENCY	MINISTRY ANNUAL REPORT
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Universities Academic Pension Plan	Finance
Workers' Compensation Board	Human Resources and Employment